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USSR Report

CONSUMER GOODS AND DOMESTIC TRADE

No. 22

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CONSUMER GOODS PRODUCTION AND DISTRIBUTION

STATUTE ON DELIVERY OF CONSUMER GOODS

Moscow EKONOMICHESKAYA GAZETA in Russian No 21, May 81 pp 9-16

[Statute "On Consumer Goods Deliveries" approved by the USSR Council of Ministers on 10 February 1981]

[Text] At the request of our readers we are publishing below the complete text of the new "Statute on Consumer Goods Deliveries" approved by the USSR Council of Ministers on 10 February 1981. The statute becomes effective on 1 July 1981.

I. General Provisions

1. This Statute regulates consumer goods deliveries for purposes of satisfying as fully as possible the population's demand for specific types of goods and supplying non-market consumers by the following means:

by combining centralized state planning with administrative independence and broad initiative on the part of associations, enterprises, institutions and organizations;

by developing direct, long-term economic ties between the producers and retail trade enterprises(organizations) and non-market consumers, and long-term economic ties between producers and wholesale trade enterprises(organizations)[1], as well as between wholesale trade enterprises(organizations) and retail trade enterprises(organizations) and non-market consumers;

by giving a greater role to the long-term agreement in the national economy;

by strengthening plan and contractual discipline, further developing non-subsidized operations and increasing the mutual economic liability of associations, enterprises, institutions and organizations;

by ensuring that industrial associations, enterprises and organizations provide trade enterprises(organizations) with an uninterrupted supply of a broad range of quality goods, based on orders from the latter and taking onto account the population's demand and their ethnic traits and customs and living habits;

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1. In this and subsequent articles the term "wholesale trade enterprises(organizations)" refers to wholesale and wholesale/retail trade enterprises(organizations).

by increasing the responsibility of wholesale and retail trade enterprises(organizations) for providing the population with an uninterrupted supply of the required assortment of goods;

by expanding the influence of trade enterprises(organizations) on the development of production plans;

by expanding non-subsidized dealings between management agencies for industry, material and technical supply and trade, and assigning those agencies greater responsibility for the proper organization of economic ties and for coordinating production and delivery plans; and by establishing the use of five-year agreements between main administrations under the USSR Ministry of Trade(and wholesale organizations under Union republic ministries of trade) and industrial associations(main administrations of ministries).

2. This Statute applies to deliveries of both allocated goods and those not allocated by plan as to market or non-market designation(including goods for industrial consumption and industrial processing), regardless of the subordination of the associations, enterprises, institutions and organizations.

The delivery of products to be used in industrial production for sale on the market is also regulated by this statute. The assignment of consumers to production associations, enterprises and organizations which prepare and issue planning documents covering the delivery of goods for the market is performed by the procedure and within periods of time specified by the Statute on Deliveries of Goods for Industrial Production, if a different procedure and time periods have not been established by USSR Gossnab or the USSR Ministry of Trade.

The delivery of goods for export and the filling of orders from Soviet organizations for imports into the USSR, as well as the delivery of goods into and out of state stocks are carried out by the procedure established by the USSR Council of Ministers.

The delivery of imported goods on the domestic market is carried in accordance with this Statute, except when otherwise specified in special regulations.

The delivery of goods to military organizations is performed in accordance with this Statute, taking into account the Basic Terms for Delivering Products for Military Organizations approved by the USSR Council of Ministers.

3. The delivery of goods is performed on the basis of contracts.

The contract is the basic document defining the rights and obligations of parties involved in supplying all types of goods, whether allocated by plan or not.

Goods are delivered without a contract only in cases defined by the USSR Council of Ministers or a Union republic council of ministers.

Goods are delivered to buyers(or recipients) in other Union republics, in areas of the Far North and in other areas designated for early shipment on a priority basis, regardless of the degree to which plans for the production and delivery of goods to other purchasers(or recipients) have been fulfilled.

This Statute, which covers matters common to all suppliers and buyers, must be followed by all suppliers and buyers in making and fulfilling contracts.

Production associations, enterprises and organizations supplying goods specify in the yearly plans the assortment of goods to be produced for filling the orders of buyers under the terms of contracts drawn up between them.

When drawing up and fulfilling contracts each of the parties must observe the economic accountability interests of the other party, fulfill its obligations in the manner most economically efficient for the socialist economy, take all steps necessary to prevent or reduce any loss which might occur as a result of improper fulfillment of obligations, inform the other party of such steps in good time and help it to fulfill its obligations.

4. The specific terms for delivering individual types of goods and the terms for delivering goods for areas of the Far North and for other early-shipment areas may be covered under separate delivery provisions.

The separate delivery provisions are worked out on the basis of this Statute by the USSR Ministry of Trade jointly with USSR Tsentrosoyuz and Gossnab and with the participation of the USSR ministries, state committees and departments involved. If they are coordinated with the State Arbitration Commission under the USSR Council of Ministers separate delivery provisions may be worked out, when necessary, by the USSR ministry, state committee or department which is the main supplier, with the participation of the USSR Ministry of Trade, USSR Tsentrosoyuz and Gossnab and other USSR ministries, state committees and departments involved.

The specific terms for deliveries of certain types of goods to military organizations may be covered in separate delivery provisions worked out on the basis of this Statute by the Ministry of Defense and with the participation of USSR ministries, state committees and departments which are the main suppliers.

Separate delivery provisions are approved by the State Arbitration Commission under the USSR Council of Ministers.

Separate provisions for the delivery of goods produced by associations, enterprises and organizations of republic and local subordination and consumed mainly within the Union republic may be worked out and approved by a procedure established by the Union republic council of ministers, if separate delivery provisions have not been established for the given type of product in accordance with paragraph 4 of this article.

It is not permitted to include in separate delivery provisions norms restricting the right of the parties independently to define delivery terms which, in accordance with this Statute, may be established by the parties in a contract.

5. Failure to fulfill obligations under goods delivery contracts is a violation of state discipline and entails material liability on the part of the associations, enterprises, institutions and organizations permitting the violation to occur.

Penalties specified by this Statute, by separate delivery provisions or a contract for violations of contractual obligations are applied on a mandatory basis and without a reciprocal ofsetting of the penalties.

The directors and other officials of associations, enterprises, institutions and organizations bear liability as set by law for failure to fulfill obligations. Specifically, individuals responsible for a loss resulting from failure to fulfill or improper fulfillment of obligations, as well as for the payment of penalties by associations, enterprises, institutions and organizations, bear material liability in the manner and within the limitations set by labor law.

6. Ministries, state committees, departments and central bodies of cooperative and other public organizations, administrative agencies for material and technical supply and trade, autonomous republic councils of ministers and executive committees of soviets of peoples' deputies are required to see to it that associations, enterprises, institutions and organizations under their jurisdiction conclude and fulfill contracts properly and in good time, and work out and implement steps to improve contractual relations and make the contracts more effective.

II. Plans as the Basis for Concluding Contracts and Arranging Economic Ties

7. Contracts for the delivery of goods distributed by plan are concluded on the basis of the following planning documents:

notifications of the assignment of retail trade enterprises(organizations) and non-market consumers to production associations, enterprises and organizations manufacturing goods goods to be delivered on the basis of direct, long-term economic ties, as well as for a year or some other period of time;

notifications of the assignment of retail and wholesale trade enterprises(organizations) and non-market consumers to wholesale trade enterprises(organizations) for delivery of goods on the basis of long-term economic ties, as well as for a year or some other period of time;

special orders in cases specified in separate delivery provisions.

Planning documents for the delivery of goods are issued in accordance with the structure of contractual relationships specified under article 17 of this Statute or under separate delivery provisions consistent with the need to develop efficient and stable economic ties for goods deliveries and taking into account patterns of normal freight flow routes.

When they conclude yearly contracts the parties are also guided by five-year agreements concluded between main administrations of the USSR Ministry of Trade(or retail organizations under Union republic ministries of trade) and industrial associations (or the main administrations of ministries). The composition of planning documents for delivery of goods is established by the USSR Ministry of Trade.

8. Ministries, state committees and departments which provide goods submit to the USSR Ministry of Trade, the Union republic ministry of trade, USSR Gossnab and other ministries, state committees and departments charged with the distribution of goods draft five-year production plans(broken down by years) no later than 6 months prior to the beginning of the five-year plan and draft yearly production plans(broken down by quarters) no later than 10 months prior to the beginning of the year covered in the plan, with a simultaneous report on production volumes and the list(assortment) of goods for the manufacturing production associations, enterprises and organizations.

Other deadlines for submitting draft production plans may be set under separate delivery provisions or in five year agreements concluded between main administrations of the USSR Ministry of Trade(or wholesale organizations of Union republic ministries of trade) and industrial associations(or the main administrations of ministries). The established production plans are submitted within 20 days following the acceptance of the five-year and yearly economic and social development plans themselves, when not otherwise specified by law.

9. Buyers are assigned to suppliers in accordance with the established five-year and yearly goods delivery assignments.

Buyers are ordinarily assigned to suppliers for the effective period of five-year social and economic development plans no later than 4 months prior to the beginning of the period covered in the plan. The assignment of buyers for delivery of goods to be sold at wholesale markets is accomplished no later than 4 months prior to the beginning of the period covered in the case of five-year plans and no later than 8 months prior to the beginning of the yearly plan for each year of the five-year plan.

Planning documents for delivery of goods serve as the basis for establishing the following:

a) direct, long-term economic ties, as a rule, between production associations, enterprises and organizations manufacturing the goods and retail trade enterprises (organizations) and the buyers and non-market consumers of goods regularly produced and consumed;

b) long-term economic ties tetween the production associations, enterprises and organizations producing the goods and wholesale trade enterprises(organizations), and between wholesale trade enterprises(organizations) and wholesale and retail trade enterprises(organizations) and non-market consumers for delivery of goods regularly produced and consumed.

Economic ties between the associations, enterprises and organizations named in subarticles "a" and "b" in this article may also be established for a year or some other period of time.

As a rule, planning documents specify the volume of goods to be delivered, by group assortment for the entire assignment period, with a breakdown by year. The delivery volume specified in a planning document is refined, when necessary, in accordance with the established yearly production and distribution plans.

The altering of direct, long-term and long-term economic ties is permitted only in exceptional cases(start-up of new capacities, modernization of an enterprise, halting of production of goods by the established procedure, a change in the demand for goods, and so forth), after the matter has been discussed in advance with the associations, enterprises, organizations, ministries, state committees and departments involved. In such cases the changes may only be made by the agency responsible for assigning the parties to each other, which notifies the parties involved at least 3 months prior to the beginning of the delivery period.

The procedure for assigning parties to each other for direct, long-term and long-term economic ties is established by the USSR Ministry of Trade. This procedure is worked out by the USSR Ministry of Trade with the participation of the USSR ministries, state committees and departments involved as the leading(head) producers of the types of goods covered by the economic ties.

10. The agencies responsible for assigning buyers to suppliers are named for the corresponding list of goods distributed by plan, by the USSR Ministry of Trade, USSR Gossnab and other USSR ministries, state committees and departments charged with the distribution of goods.

No later than 30 days following the distribution of the goods the agency making the assignment sends to the buyers and suppliers planning documents covering the delivery of the goods, which give the name of the supplier and buyer, the total volume of goods to be delivered during the five-year period or the year(broken down by quarters when required) and the assortment of goods.

The planning documents must be issued to the production associations, enterprises and organizations supplying the goods, in accordance with the production plans established for them, and when additional assignments are set--taking those assignments into account.

Planning documents are also issued for the delivery of above-plan goods which are distributed according to a plan. Prior to the manufacture of those goods planning documents for their delivery may only be issued with the supplier's concurrence. Planning documents are not issued for delivery of goods whose above-plan production has been forbidden by the established procedure.

Planning documents may be issued prior to approval of the production and distribution plans(on the basis of draft plans) with subsequent amendment, when necessary, after the plans have been approved.

An assignment for the delivery of goods distributed by plan is in effect for the period for which it has been established. An assignment established for a period of less than a year is in effect until the end of the year covered, when other periods are not specified by law.

Goods not distributed by plan are sold by the manufacturers as they see fit.

11. Agencies issuing planning documents for delivery of goods may alter or cancel them only in exceptional cases and no later than 45 days prior to the beginning of the delivery period, with simultaneous notification of the supplier and the buyer. Separate delivery provisions may specify other deadlines for altering or cancelling planning documents.

12. When a supplier refuses to conclude or to alter a contract for delivery of goods or to include in the contract certain terms of the planning document for delivery of goods because the issuance of the planning document or notification of its alteration is performed in violation of the established procedure and deadlines, it must report this to the agency issuing the planning document or notification of its alteration and to the buyer within 10 days of receipt of the planning document or the notification of its alteration. It is not permitted to return a planning document or notification of its alteration to the agency issuing it.

The agency issuing a planning document or notification of its alteration is required within a period of 10 days following receipt of the notification of refusal, to verify the reasons for the refusal and to inform the supplier and the buyer of the cancellation or alteration or the confirmation of the planning document. If the agency issuing the planning document or notification of its alteration does not announce its decision by the specified deadline, the supplier's rejection is considered to be accepted. When the supplier's rejection is accepted, that agency, at the buyer's demand, is required to issue a new planning document to the buyer within 10 days after receiving the demand.

13. Main administrations of the USSR Ministry of Trade(wholesale organizations under Union republic ministries of trade) and industrial associations(main administrations of ministries) conclude five-year agreements which specify measures aimed at achieving satisfaction of the population's demand for goods and liability for failure to carry our those measures.

The rules governing the procedure and deadlines for concluding five-year agreements are approved by the State Arbitration Commission under the USSR Council of Ministers.

14. Upon receiving a planning document for delivery of goods the buyer submits an order(2 copies) to the supplier for goods to be delivered during the coming five-year period or year.

Orders submitted for delivery of goods for a year(for the first year of the five-year period) contain a detailed list(including specific names of goods, types, grades and other commodity designators) and indicate the quantity and quality of the goods and delivery dates. For subsequent years of the five-year period orders indicate assortment by group.

Retail and wholesale trade enterprises(organizations), material and technical supply organizations[1] and non-market consumers submit orders to the producing associations, enterprises and organizations no later than 30 days following receipt of the planning document.

Buyers submit orders to wholesale trade enterprises(organizations) and material and technical supply organizations providing the goods no later than 20 days following receipt of the planning document.

Buyers may submit to the suppliers orders for goods not distributed by plan. When the parties have long-term economic ties, orders for delivery of such goods are submitted to the suppliers by the buyers by agreed-upon deadlines. The supplier does not have the right unilaterallyto violate these economic ties.

Under separate delivery provisions and for goods not covered by separate delivery provisions the USSR Ministry of Trade and the USSR ministry, state committee or department which is the leading(head) producer of the types of goods involved may establish the following:

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1. In this and subsequent articles the term "material and technical supply organizations" refers to specialized and non-specialized associations, administrations and enterprises for the delivery of goods under the USSR Gossnab system and enterprises and organizations under the USSR Goskomsel'khoztekhnika[State Agricultural Equipment Committee] system, as well as supply and sales organizations of other ministries, state committees and departments.

a procedure and deadlines for the submission of orders for such goods and the minimum quantities of orders differing from those indicated in this article;

an obligation on the part of the production associations, enterprises and organizations manufacturing the goods to arrange an inspection of samples of the goods scheduled for production in the forthcoming year and send to the buyers catalogs, prospectuses, sample materials for ready-made clothing(konfektsionnyye karty) and other materials describing the goods, before the buyers submit their orders.

15. A buyer has the right to reject all or part of any excess or unneeded goods allocated to him and to refuse to conclude a contract for the delivery of such goods. The buyer must notify the supplier and the agency issuing the planning document for delivery of these goods of his refusal no later than 10 days following receipt of the planning document.

When there is a demand on the part of other trade enterprises(organizations) and nonmarket consumers for the goods rejected by the buyer, the agency issuing the planning document is required to redistribute the goods and to indicate another buyer to the supplier no later than 10 days following receipt of the buyer's rejection of the goods. When it is impossible to redistribute the goods the agency issuing the planning document informs the supplier and the Union republic ministry of trade within the same period of time, and the appropriate USSR ministry, state committee or department in the case of goods distributed by USSR ministries, state committees and departments.

When it is impossible to redistribute the goods which the buyer has refused, the Union republic ministry of trade reports this to the Union republic Gosplan or the USSR Ministry of Trade, whichever is appropriate.

The USSR Ministry of Trade, the Union republic Gosplan and the USSR ministries, state committees and departments charged with distributing the goods review the situation and make a decision as to the use of the goods, bearing in mind that planning documents for the delivery of such goods to other buyers must be submitted to the supplier no later then 30 days following receipt of the buyer's refusal to accept the goods allocated, and, when necessary, they make the decision to remove from production goods for which there is no demand.

The production association, enterprise or organization which manufactures the goods may use its own discretion to sell goods distributed by plan:

if, within a 30-day period after notification of the existence of undistributed goods is sent to the agency responsible for assigning the buyers to suppliers, that agency has not indicated a buyer to which the goods are to be delivered or if that agency refuses to redistribute the goods;

if, within a 30-day period following the buyer's rejection or refusal to conclude a contract for delivery of the goods, another buyer has not been indicated to the supplier by the agency issuing the planning document.

The procedure for selling perishable goods for which planning documents have not been issued by the deadlines set is defined under separate delivery provisions or other regulations mandatory for the parties involved.

16. Ministries, state committees and departments are not authorized to make changes with respect to volumes, delivery dates or goods assortment in the production plans of subordinate production associations, enterprises and organizations, without coordinating this with the agencies charged with the distribution of these goods. When production plans are altered in violation of the established procedure for altering planning documents for delivery of goods, the changes are not made in the contracts and the suppliers are not relieved of liability for failure to fulfill their contractual obligations.

When changes are made in production plans by the established procedure, the agency responsible for assigning the buyers to suppliers informs the buyers and suppliers of the changes made in the planning documents for delivery of goods for which the production plan has been altered no later than 10 days after receiving notification that such changes have been made.

III. The Procedure and Deadlines for Concluding Contracts for Delivery of Goods

17. Contracts for delivery of goods are concluded by production associations, enterprises and organizations producing the goods:

a) with large retail trade enterprises(organizations);

b) with retail trade enterprises(organizations) in the same population center, oblast, kray, autonomous republic or Union republic(which does not have oblast divisions) as the manufacturer;

c) with wholesale trade enterprises(organizations) and material and technical supply organizations. Under separate delivery provisions a minimal quantity of goods may be established for shipments to a wholesale trade enterprise(organization);

d) with production associations, enterprises, institutions and organizations which are non-market consumers;

e) with corporate stores of industrial ministries.

Associations, enterprises, institutions and organizations indicated in sub-articles "a," "b" and "c" of this article may conclude contracts directly with production associations, enterprises and organizations which are the manufacturers, when the quantity of goods in the assortment subject to delivery to these associations, enterprises, institutions and organizations during the delivery period is not below the minimal shipment or delivery norm and when the goods do not have to be sorted at the wholesale trade enterprises(organizations).

When the manufacturer and the buyer agree a contract may also be concluded directly between them, when the quantity of goods to be delivered is below the minimal shipment or delivery norm, with notification sent to the agency responsible for assigning the buyers to suppliers.

Contracts for delivery of goods are also concluded between wholesale trade enterprises(organizations) and material and technical supply organizations and retail trade enterprises(organizations) and non-market consumers.

Separate delivery provisions or five-year agreements concluded between main administrations of the USSR Ministry of Trade(wholesale organizations of Union republic ministries of trade) and industrial enterprises(main administrations of ministries) may specify a different structure of contractual ties. The buyer and the supplier have the right to enlist other associations, enterprises, institutions and organizations to help fulfill a contract. In such cases the associations, enterprises, institutions and organizations sharing in the contract participate directly in the arrangement of all the contract terms, sign it and bear liability for the fulfillment of their obligations, each within the limits of its share.

18. A contract is concluded by drawing up a single document, which is signed by all the parties, and by exchanging written notices or telegrams, or by written confirmation of the supplier's acceptance of the buyer's order. The composition of the order is established by the USSR Ministry of Trade.

Parties may also establish contractual relationships by accepting a commitment to fulfill an order in cases described under article 24 of this Statute.

19. Contracts are concluded for a five-year period, a year or some other period of time(short-term, seasonal and others) as well as for single deliveries. Contracts for delivery of goods through direct, long-term and long-term economic ties and based on planning documents are concluded for a five-year period.

The parties are authorized to extend a contract in effect. A contract is extended for the periods established for concluding the contract. When a contract is extended the parties agree to the extension period by the procedure specified in this Statute, in separate delivery provisions and in the contract, and to the quantity, assortment and quality of the goods, delivery dates and other essential terms.

20. The contract indicates the following:

a) the name, the quantity and the detailed assortment of goods subject to delivery;

b) the quality, and when required, the grades and degree of completeness of the goods;

c) the duration of the contract and delivery dates(periods);

d) the price of the goods and the total amount of the contract;

e) packing and packaging requirements;

f) the procedure for shipping, delivering and releasing the goods, as well as the procedure and deadlines for coordinating the centralized delivery schedule;

g) the accounting procedure and forms;

h) payment demands and postal requisitions for the supplier and the buyer, and the buyer's dispatch requisitions when the buyer is the recipient of the goods;

i) other terms, which, by law, must be specified, as well as terms which the supplier and the buyer deem essential in the contract.

In addition to the terms indicated in this article, a long-term contract for delivery of goods through direct, long-term economic ties also specifies the reciprocal obligations of the parties with respect to expanding and renewing the assortment, improving the quality and the technical and economic indices for the goods during the life of the contract, providing technical assistance in the process of manufacturing and putting into use new types of goods, introducing and putting into use progressive types of packaging, wrapping, transportation and storage of goods, and improving loading and unloading operations, as well as other aspects of long-term cooperation between the parties. The contract also takes into account measures specified in five-year agreements concluded between main administrations of the USSR Ministry of Trade(wholesale organizations of Union republic ministries of trade) and industrial associations(main administrations of ministries).

The detailed assortment of goods subject to delivery is determined by the suppliers' specifications, based upon the buyers' orders and coordinated with them. The parties may also include other conditions in the specifications, which are an integral part of the contract. When it is impossible to coordinate specifications for the entire life of the contract, the supplier coordinates them for some other period(6 months or a quarter). The procedure and deadlines for coordinating and altering specifications are described in the contract, taking into account the fact that yearly specifications must be coordinated no later than 45 days prior to the beginning of the year. When the procedure and deadlines for coordinating and altering specifications in a contract have not been established, the parties are guided by article 28 of this Statute.

In long-term contracts for delivery of goods based on direct, long-term and long-term economic ties the parties specify the volume of goods to be delivered during the five-year period(broken down by year), as a rule, in a group assortment. The detailed assortment of goods subject to delivery is defined in specifications coordinated by the parties by the procedure defined in this article.

Contracts between wholesale trade enterprises(organizations) and retail trade enterprises(organizations) specify the procedure and deadlines for the buyers' submission of requisitions for the dispatch(delivery) to them of the goods required to meet the assortment minimum.

If a contract concluded for a year or a lesser period does not include the details of the item to be delivered(name, quantity, assortment and quality of goods) and the price, and in a long-term contract--the name, quantity and group assortment of goods--the contract is not considered to be concluded.

21. For inter-republic, republic, inter-oblast, kray and oblast wholesale fairs, the contracts for delivery of goods are concluded at the fairs.

The quantity and the detailed assortment of goods subject to delivery are coordinated by the parties on the basis of orders and from samples provided by the production associations, enterprises and organizations, and in certain cases they are determined by the fair committees --from catalogues, prospectuses and other materials describing the goods.

The organization and the procedure for conducting fairs and for concluding contracts at fairs are defined in regulations governing wholesale fairs, which are worked out by the USSR Ministry of Trade and Tsentrosoyuz with the participation of the USSR

ministries, state committees and departments concerned and Union republic councils of ministers, and are approved by the USSR Ministry of Trade and Tsentrosoyuz in coordination with USSR Gosplan and the State Arbitration Commission under the USSR Council of Ministers.

22. When the contracts are concluded other than at the fairs, the production association, enterprise or organization supplying the goods sends to the buyer within a 20-day period, and a wholesale enterprise(organization) or a material and technical supply organization--within a 30-day period--a draft contract(2 copies) with a supplement containing the specifications(the detailed assortment for the first year of a five-year period) for goods subject to delivery, or establishes within the same period of time contractual relationships with the buyer by confirming acceptance of the buyer's order, when the order contains all the information essential for making the delivery(quantity, assortment and quality of goods, delivery dates and other information), the price of the goods is indicated in a price list and no other additional terms have to be worked out. If the supplier objects to individual terms of the order, the reasons for the objections must be indicated in the signed order.

When, in accordance with separate delivery provisions, contracts are concluded on the basis of orders already issued, the supplier sends the buyer a signed draft contract (2 copies) no later than 20 days after receiving the order.

No later than 10 days, 20 days in the case of a long-term contract, following the buyer's receipt of the draft contract from the supplier, the buyer signs it and returns one copy to the supplier. If the contractual relationships are drawn up with letters or telegrams the buyer sends his reply to the supplier within 10 days of his receipt of the letter or telegram.

Separate delivery provisions may require that the buyer send the signed draft contract to the supplier.

23. Either of the parties may initiate a proposal that a contract be concluded for the delivery of goods not distributed by plan or of goods sold by the supplier at his own discretion(article 15 of this Statute).

The party receiving the proposal that a contract be concluded gives its reply . other party within a 10-day period following receipt of the proposal.

Disagreements on the terms of a contract for delivery of such goods may be turned over to an arbitration board by the supplier or the buyer, when the parties have reached agreement with respect to quality, assortment and delivery dates or if the agreement between the parties states that disagreements may be submitted to an arbitration board whether or not agreement has been reached on these terms.

If a dispute arises as a result of the supplier's refusal to conclude a contract for delivery of goods not distributed by plan or a disagreement as to the terms of such a contract, when long-term economic ties already exist between the parties involved, the buyer has the right to submit the dispute to an arbitration board.

24. Contractual relationships for delivery of goods may be established by the parties' acceptance of an order to fill, when the order issued to the supplier and the buyer contains all the information necessary to make the delivery(quantity, assortment and quality of goods, delivery dates and other information), the price of the goods is indicated in a price list and no additional terms have to be worked out.

An order is considered to be accepted for execution and acquires the force of a contract, if, within 10 days following the receipt of the order, the interested party does not submit to the other party additional conditions for the delivery or does not inform the agency issuing the order(and the agency distributing the goods, when appropriate) or the other party that it does not agree to the order.

If one of the parties demands that a relationship covering the delivery of goods based on the order be drawn up in the form of a contract to be signed by the supplier and the buyer, the other party does not have the right to reject this demand. In such a case the draft contract is issued by the party which considers it necessary to conclude a contract signed by both parties. The draft contract is sent out within a 10-day period following receipt of the order or confirmation of the order from the issuing agency.

Separate delivery provisions may specify a different procedure for drawing up contractual relationships by accepting an order for execution.

25. If, upon receiving the draft contract, the party to the contract objects to the terms, it compiles a list of points with which it disagrees and sends two copies of it to the other party, together with the signed contract, stipulating its disagreement with certain points in the contract, within 10 days--20 days in the case of a long-term contract--after receiving the draft contract.

The party receiving the list of points of disagreement or the order signed with a stipulation of disagreements is required within a 20-day period to review those(together with the other party, when necessary, and particularly when the parties are located in the same area or when a long-term contract is involved) points of disagreement, to include all the accepted proposals in the contract and submit areas of dispute to an arbitration board within that same period of time.

If the party receiving a list of disagreements or an order signed with a stipulation of objections does not submit the remaining, unsettled issues to an arbitration board for resolution within a 20-day period, the other party's proposals are considered to be accepted.

Until the disagreements over the contract have been settled, the supplier is required to deliver goods in the quantity and the assortment agreed upon with the buyer.

The delivery of goods before the period for concluding the contract has elapsed may only be carried out with the buyer's agreement.

26. Contracts not in conformity with legal and other normative enactments, state plans and assignments are declared invalid in their entirity or in a specific part.

Unilateral refusal to fulfill a contract or the unilateral altering of the terms of a contract is not permitted except in cases specified by law.

A party receiving a proposal to alter or abrogate a contract is required to give a reply no later than 10 days following receipt of the proposal. If the parties do not achieve agreement with respect to altering or abrogating a contract, the dispute between the parties is resolved by arbitration at the request of the interested party.

A contract for delivery of goods distributed by plan is considered to be altered or abrogated, if, within 10 days after receiving notification that the planning document for delivery of goods has been altered or canceled, one of the parties does not inform the other party and the agency issuing the planning document of its objection to altering or cancelling the planning document.

VI. The Quantity, Assortment, Deadlines and Procedure for Delivering Goods

27. The quantity of goods distributed by plan, which are subject to delivery, is determined in a long-term contract in accordance with the planning documents indicated in article 7 of this Statute.

After the contract has been concluded the buyer has the right, with the supplier's agreement, to refuse to accept all or part of the goods covered by the contract. It must inform the agency issuing the planning document which served as the basis for the contract within 5 days after the parties have reached the agreement.

The altering or abrogation of the contract in such cases is formalized by the procedure specified under article 26 of this Statute.

The quantity of goods not distributed by plan, which are subject to delivery, is specified in the contract by agreement of the parties.

The detailed assortment of goods subject to delivery(kind[rod], type, item, style, pattern, size, color, design, packaging, ingredients, packing and so forth) is defined in the contract. Separate delivery provisions may indicate other points, by which the assortment is not defined in the contract.

The assortment of goods subject to delivery according to yearly specifications may be refined by the buyer, with the supplier's agreement, by the procedure and by the dates specified in separate delivery provisions or a contract. If the separate delivery provisions or the contract do not cover this procedure and these deadlines, proposals for refining the assortment may be sent by the buyer to the wholesale trade enterprise (organization) or the material and technical supply organization supplying the goods no later than 45 days, and to a production association, enterprise or organization manufacturing the goods--35 days--prior to the beginning of the quarter. When the separate delivery provisions or the contract do not specify that the detailed assortment of goods is to be coordinated by the parties quarterly, the production association, enterprise or organization supplying the goods is required at least 45 days before the beginning of the quarter, and a wholesale trade enterprise(organization) or a material and technical supply organization--35 days--to send the buyer specifications (2 copies) compiled in accordance with the buyer's order, giving the detailed assortment of goods, if other deadlines have not been established in the contract. The buyer is required to review and sign the specifications and return one copy to the supplier within 10 days after receiving them.

If the supplier fails to submit quarterly specifications by the established deadline the buyer has the right to send its own proposals with respect to goods assortment to the supplier. The supplier is required to review the buyer's proposals on the quarterly specifications within a 10-day period.

Proposals on the assortment of goods to be delivered in the coming quarter are considered accepted, if the party receiving the proposals does not contest those proposals within a period of 10 days following their receipt.

During the coordinating of quarterly and the refinement of yearly specifications the buyer has the right to reject goods offered by the supplier in an assortment not in demand. In such a case the supplier, with the buyer's agreement, replaces those goods with other types of goods in demand in the corresponding assortment group.

By agreement between the buyer and the supplier a provision may be made for delivering new types of goods for which there is a demand within periods specified in the contract.

29. When goods are shipped not to a buyer under a contract but to recipients not parties to contractual dealings with the supplier, the buyer sends shipment schedules to the supplier.

The information contained in shipment schedules and the procedure and deadlines for sending them to the supplier, as well as the procedure and deadlines for making changes in these schedules, are explained in separate delivery provisions or the contract.

If the procedure and deadlines for submitting shipment schedules are not covered in separate delivery provisions or a contract, the buyer is required to send the supplier schedules for a year or a quarter when the signed contract is returned. If the buyer has included with the contract shipment schedules only for the first quarter, he is required to send schedules for the 2d, 3d and 4th quarters no later than 30 days prior to the beginning of the quarter.

30. The delivery of the goods is carried out on a monthly basis, in equal shipments, if other delivery dates(periods) have not been specified in separate delivery provisions or the contract.

Dates for delivery of goods for areas of the Far North and other early-shipment areas are determined in accordance with dates for delivering goods to transshipment bases and warehouses established by the USSR Council of Ministers or a Union republic council of ministers and taking into account navigational and other conditions.

Early delivery of goods may be carried out with the buyer's agreement in cases permitted by law. Goods delivered early and accepted by the buyer are paid for and considered as part of the quantity of goods subject to delivery during the forthcoming period.

31. Goods delivery obligations are considered to have been fulfilled:

a) when the goods are shipped to an out-of-town recipient--the day the goods are released to the transport or liaison(svyaz') agency, which is determined from the date on the transport document or the liaison agency document;

b) when the goods are released at a warehouse of the recipient or the supplier (manufacturer)--the date of the acceptance and transfer document or the receipt for the goods.

A quantity of goods not delivered by the supplier or not selected by the buyer during a month or any other delivery period is to be made up during the following month or other delivery period.

The quantity of goods undelivered(not selected) is made up in the assortment established for that period in which the goods were not delivered(selected), if the parties do not reach agreement on a different assortment.

Separate delivery provisions or a contract may specify a different procedure and different times for making up the amount of goods not delivered(selected).

The buyer has the right, upon informing the supplier, to refuse to accept goods whose delivery is overdue, if the contract does not specify other conditions. Goods shipped by the supplier before the buyer receives notification must be accepted and paid for by the latter.

The quantity of goods undelivered(not selected) is made within the period covered by the plan assignment for delivery of the goods. Goods not distributed by plan are made up within the period covered by the contract, if the contract does not specify other conditions.

Goods delivered to a single recipient(including a production or structural unit of an association) over and above the quantity specified for the given delivery period in the contract or in a shipment schedule issued as a supplement to the contract, as well as goods delivered to a different production or structural unit than the one indicated in the shipment schedule are not applied to cover a shortage of goods delivered to other recipients.

Deliveries of goods of one kind, which are a part of the given assortment, are not applied to cover shortages in deliveries of another kind of goods, except when the goods were delivered with the buyer's advance, written agreement.

33. Goods are delivered by the supplier:

a) to out-of-town recipients--by rail or cargo-speed water transport, and in cases covered by the proper regulations--by motor transport;

b) to recipients in the same city--by the centralized motor transport delivery procedure.

The centralized delivery of goods by motor transport to out-of-town recipients is performed in cases specified in regulations mandatory for the parties or by a contract.

A contract may specify the shipment of goods by any type of transport.

The delivery of goods must be carried out in a manner which makes the most efficient use of transport facilities.

When goods are delivered under contracts between production associations, enterprises and organizations producing the goods and trade enterprises(organizations), as well as non-market consumers, the centralized delivery of goods by motor transport is made

by the production associations, enterprises and organizations manufacturing the goods. When goods are delivered under contracts with wholesale trade enterprises(organizations) and material and technical supply organizations, the centralized delivery of the goods to the recipients is handled by the wholesale trade enterprises(organizations) and material and technical supply organizations, both from their own warehouses and from the warehouses of the production associations, enterprises and organizations producing the goods, by through shipment.

By agreement between the production association, enterprise or organization producing the goods and a wholesale trade enterprise(organization) or a material and technical supply organization, the obligation for centralized delivery of goods by motor transport, both to recipients having contracts with the production association, enterprise or organization producing the goods and recipients having contracts with the wholesale trade enterprise(organization) or the material and technical supply organization, may be assigned to the production association, enterprise or organization producing the goods or the wholesale trade enterprise(organization), or to the material and technical supply organization.

When goods are delivered(sent) by motor transport, the loading of the goods and the unloading of the returnable containers are performed by the supplier's workers and equipment and at the supplier's expense, while the unloading of the goods and the reloading of the returnable containers at the recipient's warehouse are performed by workers and equipment of the recipient and at the recipient's expense.

A different procedure may be established for the centralized delivery(dispatch) of goods by motor transport and for the unloading of the goods and the reloading of the returnable containers at enterprises and in retail trade and public dining organizations, when necessary, by the Union republic council of ministers.

The duty of unloading heavy cargo and reloading the returnable containers at enterprises and in retail trade and public dining organizations which do not have subsidiary workers may be assigned to suppliers or to public motor transport agencies under Union republic laws, with the expense charged to the recipient.

The dispatch of goods as well as the centralized delivery of goods by motor transport within the delivery periods may be carried out according to schedules agreed upon by the parties. The procedure and deadlines for coordinating the schedules are covered in separate delivery provisions or in the contract.

The contract for delivery of goods may specify that the buyer(recipient) pick up the goods at the supplier's(manufacturer's) warehouse and the procedure and deadlines for doing so.

If the dates for picking up the goods are not specified in the agreement, the supplier (manufacturer) is required to notify the buyer(recipient) that the goods are ready for release, and the latter is required to remove the goods no later than 5 days after receiving notification that they are ready to be picked up.

The contract may specify that the goods are to be picked up from the supplier by a representative of the buyer and the procedure for accomplishing this.

34. Transport costs are charged to the supplier or the buyer in accordance with the price list for the goods or with regulations mandatory for the parties, and in the absence of such--in accordance with the contract.

Additional expenses incurred as a result of shipping goods by fast transport at the buyer's request are charged to the buyer. In those cases when goods shipped to out-of-town recipients at a free on rail(vessel) at station(port,wharf) of destination price, in accordance with regulations mandatory for the parties or with the contract, must be sent by motor transport instead of rail(water) transport and the motor transport costs exceed the cost of shipping by rail(water), the difference in cost is divided between the supplier and the buyer in accordance with the price list or, in the absence of instructions in the price list, by agreement of the parties. When the parties fail to agree, the difference between the costs is divided evenly between the parties.

If, through the fault of the supplier(manufacturer), the goods are not shipped out in good time by rail(water) transport and the buyer(recipient) hauls the goods from the supplier's(manufacturer's) warehouse by motor(animal-drawn) transport, the supplier (manufacturer) reimburses the buyer(recipient):

a) at the free on rail(vessel) at station(port, wharf) of destination price--for the cost of hauling the goods by motor(animal-drawn) transport to station(port,wharf) of destination at the established rates;

b) at free on rail(vessel) at station(port, wharf) of shipment price--for the difference between the cost of hauling the goods by motor(animal-drawn) transport to the station(port, wharf) of destination and the cost of hauling the goods by rail(water) transport.

35. Goods are shipped to the recipient in accordance with minimal standard shipment quantities(railroad cars, containers, and so forth).

Minimal standard quantities for the shipment of goods are established in separate delivery provisions. If such standards have not been established for a certain kind of goods, they are specified in the contract when necessary. The contract may also specify minimal standard quantities for delivering goods by motor transport.

A procedure for delivering goods in quantities less than the minimal standard shipment quantities and a procedure for sending goods by mail may be established in the contract.

Wholesale trade enterprises(organizations) and goods delivery enterprises(bases) of ministries, state committees and departments ship(release) goods in any quantity needed by the recipient less than the minimal standard shipment qualtities.

36. When, under the contract, the buyer is not the recipient of the goods(payer) the supplier is required to inform the buyer of the shipment of goods to recipients by sending the buyer copies of the invoices and bills of lading for the goods within 3 days following shipment, if different periods and methods of informing the buyer that shipment has been made are not specified in separate delivery provisions or in the contract.

37. The procedure and deadlines for accepting goods with respect to quantity are defined in instructions approved by the State Arbitration Commission under the USSR Council of Ministers.

The acceptance of goods with respect to quantity from transport and liaison agencies is performed in accordance with regulations in effect for transport and liaison agencies.

38. Goods not covered by a contract and delivered without the buyer's agreement or goods delivered in violation of the contract terms, as well as in the absence of contractual relations, are accepted for responsible safekeeping by the buyer(recipient) if the latter refuses to accept them for use, except in cases established by law in which the buyer(recipient) has the right to refuse to accept such goods from transport agencies.

When a buyer(recipient) accepts goods for responsible safekeeping he is required to inform the supplier by wire within 24 hours from the moment he accepts the goods. The supplier is required to make arrangements by wire for the goods accepted for responsible safekeeping within 5 days after receiving the notification. If arrangements are not made for handling the goods within the period indicated the buyer(recipient) is authorized to exact from the supplier a penalty specified under article 84 of this Statute, and if the buyer does not receive instructions within 30 days of dispatching the notification to the supplier he has the right to dispose of the goods, with priority given to their sale locally.

When perishables not covered by the contract are shipped without the buyer's agreement, or perishables delivered in violation of the contract terms, as well as in the absence of contractual relations between the parties, the buyer(recipient) must verify the quantity and quality of the goods and immediately wire the supplier for instructions, and the supplier is required to provide such instructions within 24 hours, also by wire.

If the buyer(recipient) does not receive a reply from the supplier within the period indicated, the former is authorized to dispose of the goods as he sees fit. In all cases perishables are to be sold(used) locally.

The sale of goods distributed by plan and accepted for responsible safekeeping is performed by the buyer(recipient) in coordination with the trade administration's local agency.

The amount of money received by the buyer(recipient) from the sale of goods accepted for responsible safekeeping, after deducting the cost of accepting, unloading, storing and selling the goods, is transferred to the supplier(shipper) by a procedure and within time periods set by USSR Gosbank.

When goods are delivered by a supplier the buyer has the right to refuse to accept goods delivered over and above the quantity specified in the contract(with respect both to total amount and specific items in the detailed assortment), as well as goods delivered in violation of other terms of the contract.

V. Quality and Completeness of Goods

39. The goods delivered must conform in quality(reliability, durability and other criteria) to official standards(state, branch, republic and CEMA standards), technical specifications and samples(specimens).

When standards, technical specifications and samples(specimens) have not been approved for the goods by the proper agencies, the quality of the goods must conform to the technical specifications set by the association, enterprise or organization supplying the goods and coordinated with the buyer, or to samples(specimens) agreed upon by the parties.

The numbers and indices of the standards and technical specifications are indicated in the contract. Branch and republic standards and technical specifications are attached to the contract, if they have not previously been sent to the buyer involved. When necessary, the contract specifies the number of copies of branch and republic standards and technical specifications to be submitted so that the buyer can provide the recipients of the goods with them.

When goods are delivered for which there are approved samples(specimens) the contract indicates the date of their validation and the name of the organization validating a sample(specimen). The technical description of a sample(specimen) is attached to the contract.

When goods are delivered on the basis of agreed-upon samples(specimens) they are described in the contract, which provides storage instructions to ensure that the samples(specimens) are preserved and prevent them from losing their original qualities.

If state standards or CEMA standards are altered or new standards are approved for the goods involved in the deliveries during the life of the contract, the supplier is required to inform the buyer of this fact at least 30 days before they take affect. The supplier must send the buyer new or modified branch or republic standards, technical specifications or technical descriptions of the samples(specimens) within that same period.

A contract may call for the delivery of goods of a higher quality than the standards, technical specifications and samples(specimens) and require that the parties reach agreement on the quantity of goods in the highest quality category and new, improved goods to be delivered.

40. Warranty periods for goods are established in the standards or technical specifications.

If warranty periods have not been established in the standards or technical specifications, they may be specified in the contract.

The parties may establish longer warranty periods in the contract than those specified in the standards or technical specifications.

The warranty period begins the day the item is sold through the retail trade system. The warranty period for goods delivered for a non-market consumer begins when the buyer (recipient) receives the goods, if other terms are not specified in the standards, technical specifications or the contract.

The warranty period for batching items and components is the same as the warranty period for the basic article and elapses when the warranty period for that article elapses, if other terms are not specified in the standards or technical specifications for the basic article.

When serviceability periods are established for goods in the standards or technical specifications, the parties define the delivery periods for such goods in the contract, within the established serviceability periods. A serviceability period is calculated from the day the goods are manufactured.

41. The supplier(manufacturer) is required at his own expense to correct defects developing in the goods during the warranty period or to replace the goods, if he cannot prove that the defects were caused by the buyer's(recipient's) violation of the rules for using or storing the goods. By agreement of the parties defects may be corrected by the buyer(recipient) at the supplier's(manufacturer's) expense. Defects are corrected or the goods are replaced within a 15-day period following the reporting of the defects by the buyer(recipient), if other periods are not specified in separate delivery provisions, standards, technical specifications or an agreement between the parties.

The repair or replacement of goods within the warranty period does not relieve the supplier of the obligation to pay a fine as specified in articles 69 and 70 of this Statute.

When defects are corrected in goods which have warranties, the warranty periods are extended by the period of time during which the goods were not used because of the defects. When the entire item is replaced the warranty period begins again on the day the item was replaced.

Production associations, enterprises and organizations manufacturing the goods are required to provide for the repair of goods covered by a warranty at city and rayon centers(as designated by the USSR Ministry of Trade and Union republic ministries of trade) by the personnel of shops set up by them for this purpose or in the associations, at the enterprises or in the organizations themselves, or to provide for such repairs at consumer service enterprises on the basis of contracts concluded with the latter.

Production associations, enterprises and organizations producing the goods are required, in accordance with regulations governing the exchange of industrial goods purchased in the retail trade system, to accept from the purchasing trade enterprises (organizations) defective items for replacement with good-quality goods and to reimburse the buyers for all expenses involved in replacing the goods.

42. Goods must be delivered complete, in conformity with standards, technical specifications or price lists. A contract may specify the delivery of goods with extra articles(parts) which go with the set or without certain articles(parts) which go with the set but are not needed by the buyer.

If the degree of completeness of the goods is not defined in standards, technical specifications or the price list, it may be specified in the contract, when necessary.

43. The contract may specify the degree of completeness of a delivery, that is, the delivery of a specific combination of articles, the assortment and quantity of which makes it possible to use them in combination. If the degree of completeness of a delivery is specified in regulations mandatory for the parties, it is defined in the contract in accordance with these regulations.

44. Separate delivery provisions or a contract indicate the documents by which the supplier certifies the quality and degree of completeness of the goods delivered(a statement of product quality, a certificate, a technical description, and so forth), as well as the procedure and the deadlines for sending these documents and other essential papers(operating instructions, and so forth) to the buyer(recipient).

Bills of lading and accompanying papers for goods in the highest quality category and for new and improved goods indicate that they are such.

45. The delivered goods must be labeled in accordance with demands set forth in the standards or technical specifications. If the standards or technical specifications do not contain instructions for labeling the goods, these instructions may be provided in the contract. The parties have the right to set special labeling requirements in the contract, which are not established by standards or technical specifications.

Officially registered trade marks must be placed on the goods or their packaging. Trade marks are not required on goods which, in accordance with standards or technical specifications, need not be labeled.

If unlabeled or improperly labeled goods are delivered, the buyer(recipient) has the right to label them or alter the labeling on the goods himself, but at the supplier's expense, and if this is impossible--to demand that the supplier label or alter the labeling on the goods. The supplier is required to fulfill the buyer's(recipient's) demand within a 15-day period, if different terms have not been agreed upon by the parties. If the supplier fails to fulfill the demand and if the goods can not be used or sold without the labeling or without altering the labeling, as well as when the goods are intended for sale in the retail trade system, the buyer(recipient) has the right to reject the goods.

46. Goods which have not been inspected for quality by the established procedure and goods whose shipment has been forbidden by agencies implementing state control over the establishment and observance of standards and technical specifications and control over product quality, or by other authorized agencies, must not be delivered.

A ban on the shipment of goods by the above agencies, as well as a ban by the USSR Ministry of Trade or Union republic ministries of trade or state quality inspectorates on the acceptance from specific production associations, enterprises and organizations manufacturing the goods of defective or outdated goods or goods for which there is no demand does not relieve the supplier(manufacturer) of his obligation to deliver such goods, but of good quality, if the buyer has not refused to accept them.

47. The procedure and deadlines for accepting goods with respect to quality are defined in instructions approved by the State Arbitration Commission under the USSR Council of Ministers.

The acceptance of goods with respect to quality from transport and liaison agencies is carried out in accordance with regulations in effect for transport and liaison agencies.

48. Wholesale trade enterprises(organizations) under the USSR Ministry of Trade system have the right to inspect goods ready for shipment(release) for quality, completeness and labeling in production associations, at industrial enterprises and organizations located within the area of operation of the above-mentioned trade enterprises (organizations). Separate delivery provisions or the contract may authorize the supplier(manufacturer) to verify the observance of storage requirements for the goods at trade enterprises(organizations) and specify material liability for failure to observe the storage requirements.

VI. Packing Containers(Tara), Packing of Goods and Packing Means

49. Packing containers and the packing of goods must conform to the requirements set forth in the standards or technical specifications. The numbers and indices of the standards and technical specifications for packing containers are indicated in the contract.

If the requirements for the packing containers or the packing of goods are not defined in standards or technical specifications, these requirements may be specified in the contract. The parties may provide in the contract for better packing and a better appearance for goods than those specified in the standards or technical specifications.

Packing containers and packing must be suitable for the goods involved and protect them with respect both to quantity and quality during shipment and storage.

The shipment of goods in containers(konteynery) is performed without the use of individual packing containers, if the standards, technical specifications or shipment regulations for the specific types of cargo do not specify otherwise.

When goods whose price includes the cost of packing containers and packing are shipped or released unpacked, buyer-approved, to wholesale trade enterprises(organizations) or goods delivery enterprises(bases) of ministries, state committees and departments, the supplier reimburses the buyer for the cost of the packing containers and packing, as well as the cost of packing the goods and placing them into the packing containers in amounts specified in the price lists or separate delivery provisions. If the amount of the allowance is not indicated in the price lists or separate delivery provisions, it is specified in the contract.

Each packed item must be indicated on the label of the packing container, the pack or talley in accordance with standards, technical specifications, price lists or the contract.

When goods are shipped by rail, water or some other type of transport, each pack must also be specially labeled in accordance with freight shipment regulations.

50. Reuseable packing containers, packing and bundling materials must be returned to the supplier(manufacturer) or turned over to packing-material collection organizations.

The procedure and deadlines for returning(releasing) packing containers, packing and bundling materials, as well as liability for delaying their return(release) and for refusing to accept packing containers and such materials, are defined in official regulations or separate delivery provisions, and when not covered by these, in the contract.

It is only permitted to collect deposits for packing containers in cases specified in price lists, separate delivery provisions or other regulations mandatory for the parties.

A supplier providing centralized delivery of goods is required to remove returnable packing containers from the recipients, unless otherwise stated in separate delivery provisions or other regulations mandatory for the parties.

Expenses incurred in returning packing containers, packing and bundling materials, as well as depreciation allowances for reuseable packing containers, are charged to the supplier, unless otherwise specified in separate delivery provisions, other regulations mandatory for the parties or the contract.

51. When shipping goods(individually packed freight) the supplier(shipper) is required to use any packing means specified in regulations mandatory for the parties or in the contract.

The procedure and periods of use for reuseable packing means in the national economy and liability for their repair and return are defined in a statute worked out by USSR Gossnab with the participation of USSR ministries, state committees and departments and approved by USSR Gossnab and the State Arbitration Commission under the USSR Council of Ministers.

VII Prices and the Accounting Procedure

52. The prices of goods and of the packing containers are established by a procedure set by law.

The contract gives the specific price and indicates the number in the price list or another document which establishes the price, the date the price was set and the agency setting the price. The price may also be indicated in the contract with a reference to the corresponding entry in the price list or other document which establishes the price.

When appropriate, the contract specifies, in addition to the price of the goods, established reductions and mark-ups in the price, indicating the agency which approved them and the date of their approval.

If a price of limited duration is set for the goods, the contract must indicate its time limit.

In cases specified by law the parties agree on the price and type of goods subject to free delivery.

Payment for goods for the market, for which the established wholesale prices are higher than the retail prices, is made at the retail prices, after deducting trade and wholesale rebates, if price lists or other regulations mandatory for the parties do not specify another accounting procedure.

The cost of the packing containers is charged to the buyer(recipient) if the price list specifies that it is added to the price of the goods. Packing costs are charged to the supplier, unless otherwise specified in the price list.

If a price changes during the life of a contract, the supplier is required to report the price change to the buyer as soon as he learns of it.

Goods shipped (released) before the price change are paid for at the price in effect at the moment of shipment(release), unless otherwise stated in the price change enactment.

If regulations mandatory for the parties specify that when goods are delivered through wholesale trade enterprises(organizations) or material and technical supply organizations those enterprises(organizations) mark up the price for sale to the buyers, the contract specifies the amount of the mark-up with reference to the document establishing the mark-up.

The terms of a contract for delivery of goods at prices other than those established in the authorized manner are invalid, and payment for the goods is made at the properly established prices, with the exception of those cases in which the parties are authorized by law to add an additional amount to the established prices or to sell the goods at lower prices.

53. When goods are delivered to wholesale trade enterprises(organizations), with the exception of rayon unions of consumer trade cooperatives, at free on rail(vessel) station(port, wharf) of destination price the suppliers reimburse the buyers at their own expense for transportation costs involved in shipping the goods on by rail(water) transport to retail trade enterprises(organizations), including rayon unions of consumer trade cooperatives and rayon consumer societies, by providing additional discounts(over and above the trade discounts) by the established procedure and in amounts specified in separate delivery provisions or other regulations mandatory for the parties, and if these do not indicate the amount of the discount--in amounts agreed upon by the parties.

An additional discount is also provided in those cases in which a buyer linked to a retail enterprise(organization), including a rayon union of consumer trade cooperatives or a rayon consumer trade society, by rail(water) transport facilities, actually ships the goods to them by motor or animal-drawn transport. The amount of the additionsl discount is based on the cost of delivering the goods by rail(water) transport(tariff or freight charge).

54. Billing and payment for the goods are ordinarily handled between the shippers and recipients of the goods themselves.

A buyer which is not the recipient of the goods is involved in the billing and payment process only in cases specified in decrees and directives issued by the USSR Council of Ministers, in instructions by USSR Gosbank or under separate delivery provisions.

When a wholesale trade enterprise(organization) or a material and technical supply organization which is not a party to the contract takes part in the billing and payment process, in accordance with mandatory regulations, it enjoys the rights and has the obligations of a party to the contract with respect to the billing and payment process.

Centralized payment for goods is permitted in cases specified by law.

The procedure and the form of accounting are defined in the contract in accordance with USSR law. And the parties must proceed from the basis that accounts with out-of-town suppliers are handled primarily by accepting demands for payment from the supplier(manufacturer), while accounts with suppliers in the same city and accounts with our-of-town suppliers for goods accepted on the basis of acceptance and transfer documents are handled primarily by means of drafts in the form of plan payments or with checks from limited or unlimited check books.

In those cases when the transportation of goods to the recipient(goods turnover) does not exceed 24 hours, accounts with the suppliers(shippers), including out-of-town deliveries, must be handled primarily in the form of authorizations for payment written out and submitted to the banking establishment no later than the next day following receipt of the goods by the recipient. In the case of regular and permanent deliveries the accounts may be handled in the form of plan payments.

The credit payment system is used in the following cases:

a) when this system of payment is specified by decrees and directives issued by the USSR Council of Ministers, USSR Gosbank instructions, separate delivery provisions or the contract;

b) when the supplier converts the buyer to this system of payment in accordance with article 61 of this Statute.

Separate delivery provisions must be coordinated with USSR Gosbank with respect to the system and form of payment.

The contract specifies what billing and other documents the supplier(shipper) sends to the buyer(recipient) and describes the procedure and deadlines for sending these documents.

55. When the clearance method of accounting is used the payer has the right to reject a demand for payment in the following cases:

a) when a demand for payment is presented for unordered goods(goods not covered by the contract);

b) when goods are shipped to other than the proper address;

c) when goods are delivered early and without the buyer's agreement;

d) when it is established by document before the acceptance deadline has elapsed that all of the goods are defective or incomplete;

e) when it is established by document before the acceptance deadline has elapsed that the goods are of a lower grade(quality) than the grade(quality) specified in the document certifying the quality of the goods, when the purchaser(recipient) refuses to accept such goods;

f) when it is established by document before the acceptance deadline elapses that the goods were delivered unlabeled or improperly labeled, if, because of this, the goods cannot be used or sold by the buyer(recipient) and it is impossible for the latter to label them or change their labeling;

g) when there are no approved or properly coordinated prices for the goods;

h) when a supplier presents a demand for payment for goods for which payment has already been made;

i) when a supplier presents a groundless demand for payment, that is, a demand for payment for goods which have not been shipped or turned over to the recipient;

j) when the supplier reroutes goods en route;

k) when the demand for payment lacks instructions or the bill of lading does not indicate the basis for the prices of goods shipped or released.

56. With the clearance method of accounting the payer has the right to refuse to accept part of a demand for payment in the following cases:

a) when unordered goods are sent along with ordered goods, as well as when goods are shipped in excess of the quantity ordered;

b) when the fact is documented before the acceptance deadline has passed that part of the goods are defective or incomplete or that the packing containers are defective, as well as when the goods are of a lower grade(quality) than the grade(quality) indicated in the bill of lading;

c) when the fact is documented before the acceptance deadline has passed that goods delivered were unlabeled or improperly labeled, if, as a result of this, the goods cannot be used or sold by the buyer(recipient) and it is impossible for the latter to label the goods or to alter their labeling;

d) in the absence of a fixed and properly coordinated price for part of the goods;

e) if the prices for the goods or packing containers or the mark-ups in the demand for payment exceed the established prices or mark-ups, as well as when unestablished mark-ups are included in the demand for payment;

f) when a mathematical error is detected in the demand for payment or the bill of lading;

g) when demand for payment is presented for goods for which partial payment has previously been made;

h) when the supplier presents a partially groundless demand for payment, which includes the cost of goods not indicated as shipped(released) in bills of lading, accompanying or acceptance and transfer documents;

i) when the fact is documented before the acceptance deadline has passed that a shortage of goods was detected when they were accepted from the supplier's(shipper's) agent;

j) when the demand for payment or the bill of lading does not provide justification for the prices of part of the goods.

57. The payer has the right to reject a demand for payment fully or in part, in addition to the grounds indicated in articles 55 and 56 of this Statute, also on other grounds specified in USSR Gosbank instructions, separate delivery provisions or the contract.

The payer is required to report the reasons for his refusal to accept to the banking establishment and the supplier within 2 days in the case of accounts within the same city and within 3 days for out-of-town accounts, if other periods are not specified in decrees and directives issued by the USSR Council of Ministers or USSR Gosbank instructions.

In the case of partial refusal to accept a demand for payment the payer is required, in addition, to send the supplier a detailed statement justifying the partial refusal to accept(indicating the goods for which the payer refuses to pay, the grade for which the price was too high, and so forth).

With methods of accounting other than the clearance method the payer(buyer) has the right to refuse to pay for all or part of the goods in all cases when, in accordance with this Statute, separate delivery provisions, other regulations mandatory for the parties or the contract, the payer(buyer) has the right to refuse to accept or pay for part or all of the goods.

58. When a buyer which is not the recipient takes part in the billing and payment process, the buyer has the right, within 5 days following receipt by the bank serving the buyer of a refusal written in the buyer's name by the recipient to accept a demand for payment, to refuse to accept the supplier's demand for payment on grounds specified in articles 55 and 56 of this Statute, as well as on other grounds specified in USSR Gosbank instructions, separate delivery provisions or the contract.

59. When the buyer is not the payer, the supplier has the right, in the case of the payer's unjustifiable refusal to accept a demand for payment, as well as when payment for the goods is more then 20 days late(in cases in which bank credit is not extended in the proper manner) or when the payer avoids paying for the goods under different systems of accounting(failure to submit a draft to the banking establishment, failure to issue a check or failure to issue a letter of credit), to demand payment for the goods from the buyer by a procedure specified in USSR Gosbank instructions. In such cases the buyer pays, in addition to the price of the goods, a fine for the unjustifiable refusal to accept a demand for payment or for avoiding paying for the goods and a late payment penalty defined in article 94 of this Statute. The fine and the penalty are included in the supplier's demand for payment for the goods.

60. With the credit system of accounting the payer(buyer) is required to submit a letter of credit no later than 5 days following receipt of the supplier's demand for this.

A supplier is required to indicate in his demand for a letter of credit the amount of the letter of credit, the essential banking particulars and the deadline by which it must be submitted, within the time limits set by USSR Gosbank instructions.

When a letter of credit is delayed, the supplier does not bear liability for failure to use the credit or for the late delivery of goods caused by the delayed presentation of the letter of credit.

When a buyer which is also the payer fails to submit a letter of credit by the next delivery deadline(within the next delivery period), the supplier has the right to sell the goods to other buyers. The sale of goods distributed by plan is performed in those cases in coordination with the agency in charge of distributing them. If another buyer is not designated to the supplier within a 30-day period(10 days in the case of perishables), he has the right to sell the goods at his own discretion.

61. In the case of systematic, unjustifiable refusal to accept the supplier's demands for payment, as well as in the case of the systematic delaying of payment or refusal to pay for goods promptly with drafts or checks(at least 3 demands in a row or 3 times within a regular delivery period), the supplier has the right to convert the delinquent payer to the credit system of accounting(out-of-town payer) or to an advance payment arrangement(in the case of payers in the same city) for a period of up to 3 months, by the procedure specified in USSR Gosbank instructions. In such cases the supplier has the right to forward goods to the buyer(payer) for responsible safekeeping. The buyer's(payer's) liability for responsible safekeeping terminates the moment payment is made for the goods. The supplier is required to inform the buyer that the payer has been converted to one of the above systems of accounting, if the payer is not a party to the contract.

62. If payment is made for goods which do not conform to standards, technical specifications, samples(specimens) or the contract with respect to quality or completeness, the buyer(recipient) has the right within a 10-day period following the drawing up by the established procedure of a document certifying the inferior quality or incompleteness of the goods to submit a demand for payment to the banking establishment for deduction of the overpayment due to non-acceptance from the manufacturer's(supplier's) account.

The procedure specified in this article for deducting overpayments due to non-acceptance of goods of improper quality or incomplete goods from the manufacturer's(supplier's) account is also used in cases in which such goods are received from wholesale trade enterprises(organizations) and material and technical supply organizations in the manufacturer's intact packing.

When accounts for goods are handled with a buyer who is not the recipient, the buyer has the right to present to the banking establishment a demand for payment for deduction of overpayments made by him due to non-acceptance of goods from the manufacturer's (supplier's) account within a period of 5 days from the day of receipt by the banking establishment serving the buyer of the recipient's demand for payment of the corresponding amounts from the buyer's account due to non-acceptance.

63. When deliveries of non-food goods not conforming to the contract terms are delivered by an out-of-town supplier, the buyer has the right within a period of 10 days after drawing up a statement within the time limits set for accepting goods to present to the banking establishment a demand for payment for deduction of the overpayments due to non-acceptance from the supplier's account or to announce within that same period his subsequent refusal to accept the supplier's demand for payment, which has already been accepted but for which payment has not been made. If payment for the goods

has been made by a buyer which is not the recipient, the buyer has the right to present to the banking establishment a demand for payment for deduction of the overpayment for those goods due to non-acceptance from the supplier's account within 5 days after the banking establishment serving the buyer has received the recipeint's demand for payment for deduction of the corresponding amounts due to non-acceptance or the recipient's refusal to accept the demand for payment.

64. In the case of a supplier's systematic shipment(at least 3 times in a row) of goods not conforming to the contract terms with respect to quality or grade(when this is stated in the goods acceptance documents), the buyer has the right to withhold payment for them until they have been accepted with respect to quality(within the established acceptance periods), after notifying the supplier and the appropriate banking establishments of this in advance. This accounting procedure may be put into effect for a period of up to 6 months.

If, in the above-mentioned cases, the buyer does not convert the supplier to the system of payment for goods after they are accepted for quality, the banking establishment may initiate such an action.

VII. Material Liability

65. For late delivery or incomplete delivery of goods the supplier pays the buyer a penalty(neustoyka) in the amount of 5 percent of the value of the separate items in the assortment of goods not delivered on time.

For late delivery or incomplete delivery of children's goods the supplier pays the buyer a penalty in the amount of 10 percent of the value of the separate items in the assortment of goods not delivered on time.

For late delivery or incomplete delivery of agricultural goods a fine is exacted in the amount of 3 percent of the value of the separate items in the assortment of goods not delivered on time.

For late delivery or incomplete delivery of goods to buyers located in other Union republics, in areas of the Far North and other early-delivery areas, the fine specified in paragraphs 1, 2 and 3 of this article is increased by 50 percent.

When the supplier, a wholesale trade enterprise(organization) or a material and technical supply organization, is subject to a fine plus 50 percent through the fault of the production association, enterprise or organization manufacturing the goods, the manufacturer bears material liability to the wholesale trade enterprise(organization) or material and technical supply organization in the same amount, even when the parties are within the same Union republic.

For late delivery or incomplete delivery of goods the fine may be exacted from the supplier for each point of destination of the goods or for each individual recipient.

Penalties for separate items in the assortment for incomplete delivery of goods are applied to the supplier in those cases in which the overall quantity of goods specified has been delivered within the established period of time.

For late delivery or incomplete delivery of goods within the established period of time the supplier bears liability within the limits of the official shipment plans. The supplier is not relieved of liability in those cases in which, through his fault, the plan does not provide for an adequate quantity of transport means or when the plan is reduced due to circumstances depending upon the supplier.

66. For each violation of the agreed-upon schedule for shipment(delivery) of goods the supplier pays the buyer a fine in the amount of 1 percent of the value of the goods not shipped(not delivered) on time, if other penalty amounts are not specified in separate delivery provisions or in the contract.

The above fine is paid in addition to the penalty for late delivery or incomplete delivery of goods.

67. Wholesale trade enterprises(organizations)/suppliers pay retail trade enterprises (organizations)/buyers a fine in the amount of 25 rubles for each failure to fulfill an order to deliver(ship) goods specified in the minimal assortment to the buyer's stores.

Retail trade enterprises(organizations)/buyers pay wholesale trade enterprises(organizations)/suppliers a fine in the same amount for each failure to submit a requisition or late submission of a requisition for the delivery(shipment) to the stores of goods specified in the minimal assortment, which are out of stock in the stores.

The above fines are paid in addition to the penalty or fine specified in articles 65 and 66 of this Statute.

68. When, without the buyer's agreement, goods not covered by the contract are delivered or goods are delivered in violation of the contract terms, as well as in the absence of contractual relations(article 38 of this Statute), if the buyer refuses to accept such goods for use and holds them for responsible safekeeping, the supplier pays the buyer a penalty in the amount of 2 percent(5 percent in the case of perishables) of the value of the goods not accepted.

69. If the goods are rejected as not conforming in quality to the standards, technical specifications or samples(specimens), the buyer(recipient) is required to refuse to accept or pay for the goods and to exact from the manufacturer(supplier) a fine in the amount of 20 percent of the value of the rejected goods, and if payment has already been made for the goods, to demand return of the amount paid by the established procedure.

If the goods are rejected, the manufacturer(supplier) is required to make arrangements for the rejected goods and to replace them within 10 days after acknowledging the buyer's(recipient's) demand, and in the case of perishables, to make arrangements for the goods within 24 hours after acknowledging the demand.

If the manufacturer(supplier) fails to make arrangements for the rejected goods within the established time periods, the buyer(recipient) has the right to sell them locally or return to the manufacturer(supplier). Perishables are to be sold(used) locally in all cases.

The fine specified in this article for the delivery of goods not of the proper quality is exacted as a fine due to non-acceptance from the manufacturer, and in cases specified in separate delivery provisions, from the supplier. A demand for payment for deduction of a fine due to non-acceptance is presented to the banking establishment no later than 10 days after drawing up, within the established time period, a document certifying that the goods were not of the proper quality.

70. When manufacturing defects are detected in delivered goods, which can be corrected locally, the buyer(recipient), if he agrees to accept such goods, has the right:

a) to correct the defects with his own personnel and means but at the manufacturer's (supplier's) expense or to demand that the manufacturer(supplier) correct the defects where the goods are located at the time;

b) to refuse to pay for the goods until the defects have been corrected, and if payment has already been made--to demand return of the amount paid by the established procedure.

In addition, the manufacturer(supplier) pays the buyer(recipient) a fine in the amount of 2 percent of the value of the goods involved.

If the buyer(recipient) demands that the manufacturer(supplier) correct the defects, the manufacturer(supplier) is required to correct the defects within a 15-day period after receiving the buyer's(recipient's) demand that the defects be corrected, if another period of time is not specified in separate delivery provisions, standards, technical specifications or by agreement of the parties.

If the manufacturer(supplier) has not corrected the defects by the established deadline, he pays the buyer(recipient) a fine in the amount of 20 percent of the value of the goods in which the defects have not been corrected. In such a case the buyer(recipient) has the right to reject the goods involved and demand replacement of the goods.

71. When the goods delivered conform to standards and technical specifications but do not meet higher quality requirements specified in the contract, the buyer(recipient) had the right to pay for the goods minus established mark-ups for inproved quality over and above the price, or to refuse to accept or pay for such goods. In addition, the buyer(recipient) exacts from the manufacturer(supplier) a fine in the amount specified in the contract.

When goods in the higher quality category are rejected as not conforming to standards, technical specifications or samples(specimens), the buyer(recipient) is required to refuse to accept or pay for the goods and to exact from the manufacturer(supplier) a fine in the amount of 30 percent of the value of the rejected goods, and if payment has already been made for the goods--to demand return of the amount paid, also by the established procedure.

If goods in the higher quality category are downgraded to a lower quality category, the manufacturer(supplier) pays the buyer(recipient) a fine in the amount of 300 percent of the total devaluation, but no more than 30 percent of the value of the goods before devaluation. In this case the buyer(recipient) pays for the goods at the price specified in the price list for goods of similar quality.

72. For delivery of goods whose shipment has been prohibited by agencies exercising state surveillance over the adoption and observance of standards, technical specifications and quality control or by other authorized agencies(article 46 of this Statute), the manufacturer(supplier) pays, at the demand of the above-mentioned agencies, a fine in the amount of 50 percent of the value of the goods into the Union budget.

73. If a larger quantity of lower-grade goods is delivered during any month than specified in the contract, the supplier pays the buyer a fine in the amount of 2 percent of the value of the excess lower-grade goods delivered.

74. When incomplete goods(article 42 of this Statute) are delivered, the buyer(recipient) is required:

a) to demand that the goods be completed. The manufacturer(supplier) is required to complete the goods within a 15-day period from receipt of the buyer's(recipient's) demand, if a different period of time is not agreed upon by the parties;

b) to refuse to accept the goods until they have been completed, and if payment has already been made for the goods--to demand return of the amount paid by the established procedure;

c) to exact from the manufacturer(supplier) a fine in the amount of 20 percent of the value of the incomplete goods, including the value of the missing parts.

If the manufacturer(supplier) does not complete the goods by the established deadline, the buyer(recipient) has the right to return the incomplete goods and demand their replacement with complete goods.

75. If the goods delivered are of a lower grade(quality) than that indicated in the document certifying the quality of the goods, but they conform to standards, technical specifications and samples(specimens), the buyer(recipient) has the right to refuse to accept or pay for the goods, and if payment has already been made for the goods--to demand return of the amount paid, or to accept the goods and pay for them at the price specified in the price list for goods of like grade(quality).

In addition, the manufacturer(supplier) pays the buyer(recipient) a fine in the amount of 200 percent of the total devaluation of the goods, but no more than 20 percent of their value prior to devaluation.

76. For incomplete delivery(article 43 of this Statute) the supplier pays the buyer a fine in the amount of 2.5 percent of the value of all items making up the complete delivery.

Separate delivery provisions may specify a different amount for the fine, depending upon the complexity of the complete delivery.

77. For delivery of unlabeled or improperly labeled goods in violation of standards, technical specifications or the contract, as well as goods delivered not in shipping containers or packing or in improper shipping containers or packing, the manufacturer (supplier) pays the buyer(recipient) a fine in the amount of 5 percent of the value of the goods. In those cases in which the goods are to be shipped on or stored, in

addition to exacting a fine, the buyer(recipient) has the right to place the goods into packing or packing containers, using his own means but at the expense of the manufacturer(supplier) or to demand that the manufacturer(supplier), when located in the same city, pack the goods or place them into packing containers.

78. For delivery of goods in unlabeled or improperly labeled packing containers the manufacturer(supplier) pays the buyer(recipient) a fine in the amount of 25 percent of the value of the unlabeled or improperly labeled packing containers.

79. If an inspection reveals that the goods are not of the proper quality, incomplete, unlabeled or improperly labeled(article 48 of this Statute), the manufacturer pays the wholesale trade enterprise(organization) a fine specified in this Statute for the delivery of such goods. If goods with correctable manufacturing defects are detected by an inspection, the manufacturer(supplier) pays the wholesale trade enterprise(organization) a fine in the amount of 2 percent of the value of the goods.

80. For the delivery of goods lacking the documents certifying the quality of the goods(article 44 of this Statute) specified in separate delivery provisions or the contract, the manufacturer(supplier) pays the buyer(recipient) a fine in the amount of 25 rubles for each such delivery.

81. Goods of improper quality, incomplete, unlabeled or improperly labeled, which are not accepted by the buyer(recipient), are not included in the fulfillment of contractual obligations. If the buyer does not reject the replacement of such goods, they are subject to replacement with good-quality, complete and properly labeled goods during the current delivery period or during some other period agreed upon by the parties.

82. For the delivery of goods with violations of standard weights as specified in the standards, the manufacturer(supplier) pays the buyer(recipient) a fine in the amount of 3 percent of the value of the goods.

83. When a fine is exacted for delivery of goods which are rejected as not conforming to standards, technical specifications or samples(specimens), and when a fine is exacted for delivery of goods of a lower grade(quality), when the buyer refuses to accept them(articles 69, 71 and 75 of this Statute), a fine is not exacted for incompleteness, the absence of labeling or the improper labeling of goods or packing containers, or for the delivery of the goods in improper packing containers or packing or of goods not conforming to standard weights.

84. For delaying arrangements for the use of goods accepted by the buyer(recipient) for responsible safekeeping beyond the established deadlines, the supplier pays the buyer(recipient) a penalty in the amount of 0.2 percent of the value of the goods for each day of delay, but no more than 5 percent of their value.

85. For failure to utilize a letter of credit submitted at the supplier's demand before its expiration date, the supplier pays the buyer(recipient) a fine in the amount of 5 percent of the unutilized portion of the letter of credit.

86. For failure to send a copy of the demand for payment or the bill of lading for the goods shipped or failure to submit other information on the shipment of goods (article 36 of this Statute) within the established time period, the supplier(shipper) pays the buyer a fine in the amount of 10 rubles for each instance of failure to send a demand for payment or a bill of lading, or a fine in the amount of 25 rubles for each instance of failure to submit information.

87. For the shipment(release) of goods distributed by plan to a buyer(recipient) for which the goods were not allocated, as well as for their use for industrial processing over and above the allocated quantity, the manufacturer(supplier) pays the wholesale trade enterprise(organization) or the material and technical supply agency a fine ranging from 25 to 100 percent of the value of the goods, except in cases in which, by law, the manufacturer(supplier) is granted authority to sell the goods at his own discretion.

88. For failure to issue or the late issuance to the supplier and buyer of a planning document for the delivery of goods, which serves as the basis for concluding a contract, the economically accountable agency in charge of assigning parties for the delivery of goods pays the supplier and the buyer a fine in the amount of 50 rubles for each day the document is late, but no more than 500 rubles for each assortment group of goods.

89. For delaying the conclusion of a contract or the unjustified refusal to conclude a contract, the party to blame pays the other party a fine in the amount of 100 rubles for each day of delay, but not to exceed 1,000 rubles. The buyer pays a fine in the same amount to the supplier for failure to meet deadlines for submitting orders specified in article 14 of this Statute.

90. If the contract specifies that the supplier or the buyer is to submit within a certain time period specifications containing the detailed assortment of goods, failure to submit or the late submission of the specifications entails payment of a fine in the amount of 2 percent of the value of the goods for which specifications were not submitted or were submitted late.

91. If a planning document for delivery of goods or notification of its alteration is returned to the agency issuing them, the supplier pays that agency a fine of 250 rubles for each such instance.

92. For the late submission of shipment schedules(article 29 of this Statute) the buyer pays the supplier a fine in the amount of 25 rubles for each day a schedule is late, but not exceeding 250 rubles.

If a buyer is late in submitting a shipment schedule to a supplier, the supplier has the right, before the delivery date specified in the contract arrives, to demand, in addition to the fine for late submission of the schedule, payment for the value of the goods for which the buyer has not submitted a schedule, after providing assurance that the goods are available.

93. For failure to select goods, as well as for the unjustifiable refusal to accept goods delivered by the supplier by the delivery date(within the delivery period) specified in the contract, the buyer pays the supplier a penalty in the amount of 3 percent(5 percent in the case of perishables) of the value of the unselected goods (goods not received on schedule).

For failure to select(unjustifiable refusal to receive) goods, in addition to the exaction of a penalty, the supplier has the right to demand payment for the value of the unselected goods(goods not received on schedule), after providing assurance that the goods are available.

94. For unjustifiable total or partial refusal to accept a demand for payment, as well as for avoiding paying for goods under other accounting systems(failure to present authorization for payment to the banking establishment, failure to issue a check or failure to submit a letter of credit), the buyer(payer) pays the supplier a fine in the amount of 5 percent of the total amount which he has refused to pay or avoided paying.

For late payment for goods delivered the buyer(payer) pays the supplier a penalty in the amount of 0.04 percent of the total late payment for each day of delay.

95. If a supplier or a buyer fails to return overpayments made in payments for goods (when payment is made more than once for the same goods, when the prices of the goods are improperly applied, when payment is made for a groundless billing[a billing for goods not delivered], and so forth), the guilty party pays the other party 5 percent of the annual interest on the money for the entire period of its use.

Interest is not paid in the case of claims or suits for payment of a penalty or fine.

96. For the deduction of funds from an account due to unwarranted non-acceptance the guilty party pays the other party a fine in the amount of 5 percent of the amount unjustifiably deducted under the non-acceptance procedure.

97. Failure by the buyer(recipient) through his own fault to fulfill a supplier's (shipper's) demand for the shipment(release) of goods accepted for responsible safekeeping, or when such goods are used before payment is made for them, the buyer(recipient) pays the supplier a fine in the amount of 8 percent of the value of the goods used without payment or goods not shipped(released).

98. A penalty or fine may be established in separate delivery provisions for the violation of obligations specified in separate delivery provisions to supplement obligations specified in this Statute.

The contract may also provide for fines for failure to fulfill or improper fulfillment of obligations for the violation of which penalties are not established by law.

The parties to the contract, if both parties agree, have the right to increase the amount of the penalties established in this Statute or separate delivery provisions for violating the terms of the contract, with the exception of the late payment penalty. If the parties do not reach agreement, the penalty or fine is applied in the amounts specified in this Statute and in separate delivery provisions.

It is not permitted for the parties to agree to limit their liability, if the degree of liability is strictly defined by law.

Arbitration agencies have the right, in exceptional cases, to reduce the amount of the penalty or fine levied against a party for failure to fulfill its obligations.

Arbitration agencies also have the right to exact from a party guilty of gross violation of its obligations, including failure to take steps to prevent or reduce losses resulting from improper fulfillment of obligations(article 3 of this Statute), a penalty or fine increased by 50 percent, with the extra 50 percent of the amount exacted to go into Union budget revenues.

If a buyer fails to submit to a supplier a demand for payment of a penalty for late delivery or incomplete delivery of goods, the amount of the penalty is to be exacted and entered into Union budget revenues. This penalty may be exacted by arbitration agencies, at their own initiative, before the established period for submitting the claim to the supplier elapses. In such a case the arbitration agencies, after determining that the buyer was not justified in refusing to exact the penalty, exacts a penalty from the buyer in the amount of 2 percent of the value of the undelivered goods, to go into Union budget revenues.

99. The liability of wholesale trade enterprises(organizations), material and technical supply organizations and other suppliers in the case of buyers' claims arising from the delivery of imported goods is limited to the amounts which may be exacted from the foreign firms, except when the improper fulfillment of obligations occurred through the fault of those suppliers.

100. The fines specified in this Statute are calculated on the basis of the retail prices of the goods, after deducting the trade discount, unless otherwise specified in this Statute. Separate delivery provisions may specify a different procedure for calculating penalties for the violation of obligations with respect to the delivery of potatoes, fruits and vegetables and medicines. Penalties may also be calculated on the basis of average prices established by the USSR ministry, state committee or department which is the main supplier, in coordination with the USSR Ministry of Trade. If average prices have not been established, they may be specified in the contract.

101. A party violating a contract reimburses the other party for losses resulting from the violation in areas not covered by a penalty or fine, whether or not a penalty or fine was paid.

Losses include expenses incurred by a party as a result of non-fulfillment or improper fulfillment of an obligation, lost or damaged goods, as well as income not received by the party, which would have been received had the other party fulfilled its obligation.

In the case of a delivery of goods of improper quality or incomplete goods the manufacturer(supplier) pays the buyer(recipient) the established penalty or fine, in addition to which he reimburses the buyer(recipient) for losses resulting from the delivery, over and above the penalty or fine.

The payment of a penalty or fine fixed for late or other improper fulfillment of an obligation and reimbursement for losses resulting from improper fulfillment of the obligation do not relieve the party of the need to fulfill the obligation in kind, except in cases specified by law.

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CONSUMER GOODS PRODUCTION AND DISTRIBUTION

NEW STATUTE ON DELIVERY OF GOODS

Moscow SOVETSKAYA TORGOVLYA in Russian No 5, May 81 pp 52-56

[Article by Yu Boldyrev, chief of the Juridicial Department of the Arbitration Board of the USSR Ministry of Trade: "New Statute on Delivery of Goods"]

[Text] Documents of the 26th CPSU Congress are permeated with concern for man, and the growth of his welfare. The outlined broad social program is directed at a much fuller satisfaction of requirements of the Soviet people for food products and various commodities.

A great role in implementing this program must be played by the development of cooperation between workers in industry, agriculture and trade in expanding production of commodities and bringing them efficiently to the consumer. Moreover the trade must influence industry more actively with the aim of producing commodities which in quality, quantity and variety are really needed by the consumer. The way for achieving these results are indicated in the "Basic Directions of Economic and Social Development of the USSR for the Years 1981-85 and for the Period to the Year 1990" and in the resolution of the CPSU Central Committee and the USSR Council of Ministers "On Improving Planning and Intensifying Influence of the Economic Mechanism on Raising Production Efficiency and Work Quality."

The statute on delivery of consumer goods, confirmed by the decree of the USSR Council of Ministers of 10 Feb 81, serves the same tasks.

The new statute regulates the relations on delivery of goods on the basis of developing long-term economic ties between trade and industry; insuring that industrial associations and enterprises continuously supply trade organizations with high-quality goods on their orders in broad variety and with consideration of the population's demand; and also for raising the responsibility of wholesale and retail trade organizations for buyers' greater satisfaction with goods; intensifying the trade's influence on formation of production plans; expanding cost accounting relations between organs managing industry and trade and introducing the practice of reaching 5-year agreements (par. 1).

The statute should also contribute to improvement of economic relations between trade and industry, raising the role of trade orders and delivery agreements, mainly long-term ones, and forming goods production and marketing plans. But in order to implement this it is necessary to skillfully combine centralized state planning

with economic independence and broad initiative of trade and industrial associations and enterprises, strengthen planning and agreement discipline, develop cost accounting and raise mutual responsibility of participants in production and delivery of goods of associations, enterprises, institutions and organizations.

While regulating general questions of mutual relations between all suppliers and buyers, the statute establishes a whole series of new rules and standards. Let us comment on the main ones.

The broadening of operational independence of industrial associations and enterprises, which ensues from the resolution of the CPSU Central Committee and the USSR Council of Ministers on improving the economic mechanism, consists in that these associations and enterprises, proceeding from the tasks of higher organs on the volume of production, determine the expanded variety of produced goods themselves. In this connection the statute on delivery makes it incumbent upon the aforementioned organizations and enterprises to define in annual production plans the variety of goods on trade orders and in accordance with the agreements reached with buyers (par. 3). Moreover paragraph 16of the statute provides that ministries, state committees and departments have no right to make changes in the plans of subordinate associations, enterprises and production organizations as regards volume, delivery periods and variety of goods without coordinating with organs which are charged with distributing these goods or the trade administration organs.

In changing production plans that violate the established order corrections may not be made in plan documents on delivery of goods and in agreements, and also in releasing suppliers from the responsibility for fulfilling contracts.

Under the statute delivery of goods is made in accordance with an agreement, which is the main document determining the rights and responsibilities for delivery of all kinds of goods. Without an agreement goods may be delivered only in individual cases directly established by the USSR Council of Ministers or a council of ministers of a union republic.

In reaching and fulfilling an agreement, each side must consider the cost accounting interests of its partner, fulfill its responsibilities in the most economical manner, adopt necessary measures to prevent or reduce losses, promptly inform the other side about them and also render cooperation in fulfilling responsibilities (par. 3).

The increased role of an agreement in the economic mechanism demands that the sides reaching it strictly observe the adopted commitments. Failure to fulfill contracts is a violation of state discipline and involves liability as to property of organizations and enterprises which permitted these violations. Moreover the statute directly points out the compulsory application of sanctions against the guilty side without mutual consideration (par. 5).

If a buyer does not present a claim to the supplier for payment of a fine for overdue delivery or nondelivery of goods, arbitration organs may impose these sanctions in the budget income, and on establishing the groundlessness of a buyer's refusal to claim payment of a fine also collect a fine from him at the rate of 2 percent of the cost of undelivered goods (par. 98).

The responsibility for violation of contacts is also borne by supervisors and other officials of associations and enterprises.

The statute makes it incumbent upon ministries, state committees, departments, central organs of cooperative and other public organizations, trade administration and material and technical supply organs, council of ministers of autonomous republics and executive committees of the soviets of peoples deputies to control the promptness and correctness in reaching and fulfilling agreements by subordinate associations, enterprises and organizations and to develop and implement measures for improving agreement relations and for raising the efficiency of agreements (par. 6).

In the section on plan bases for reaching agreements and organizing economic relations it is provided that for coordinating plans for production and delivery of goods the ministries, state committees and departments (suppliers) must present..to the USSR Ministry of Trade, to the ministry of trade of a union republic, to Gossnab and other central organs which have the right to distribute goods--drafts of 5-year production plans (divided by years) not later than 6 months before the beginning of the 5-year period and drafts of annual production plans (divided by quarters) not later than 10 months before the beginning of the planned year with a simultaneous report on output volumes and product list (variety) of goods by production associations, enterprises and production organizations.

Confirmed production plans are presented in a 20-day period from the day of adopting a 5-year or annual plan for economic and social development, if nothing else is provided by legislation. In accordance with these plans (or their drafts) 5-year and annual tasks are established for the delivery of goods and buyers and suppliers are registered.

As a rule, buyers are registered to suppliers for a 5-year period. Plan documents for the delivery of goods may be presented by the suppliers to buyers prior to confirmation of plans for production and distribution of goods (on the basis of drafts) with their subsequent refinement after the plans are confirmed. As assignment for delivery of goods is in force over a period for which it has been established. An assignment, established for a period less than 1 year, is in force until the end of the planned year if no other periods are provided for (paragraphs 9, 10).

Changes of long-term economic relations may be made only in exceptional cases after this question is examined by concerned enterprises and ministries (par. 9). The order and periods have been established for submitting orders to industry for delivery of goods (par. 14) according to forms confirmed by the USSR Ministry Trade.

Until now economic relations between trade and industry were shaped into a contractual-legal form only at the level of producers of goods and their buyers. However, this did not mean that organs managing industry and trade did not conduct joint work in developing production and marketing of goods to more completely satisfy the population's demands. But their relations, even at the middle management level, were not legislatively formalized, did not contain mutual contracts and responsibility for their fulfillment.

But now in accordance with the resolution of the CPSU Central Committee and the USSR Council of Ministers on improving the economic mechanism, the statute sets in order some questions connected with reaching 5-year agreements between main administrations of the USSR Ministry of Trade, wholesale organizations of ministries or trade of union republics and industrial associations, main administrations of ministry-

suppliers. In particular, the order and periods for reaching agreements are confirmed by the USSR State Board of Arbitration (paragraphs 7, 13, 17, 20).

The new statute defines in detail the structure of economic relations according to agreement on delivery which is influenced by such factors as the irregularity in distribution of goods production; the scale of the country; the size of the commodity mass moved from one region to another; the quantity of goods to be delivered; the complexity of variety; the great number of participants in the delivery process and peculiarities of their functions; the availability of a material and technical base necessary for storage, sorting and sale of individual kinds of goods; and some other factors.

Selection of an optimum variant for building contractual relations is one of the central tasks of organs implementing registration of buyers and suppliers.

The task is in every case to select, from among the variants provided by par. 17 of the statute, the most rational and stable one which insures continuous and smooth-flowing supply of goods to stores and creates conditions for active influence by trade over industry with the aim of raising the quality and expanding the variety of produced goods.

The statute also includes a regulation that besides direct contractual ties between enterprises producing consumer goods and stores, including trade name stores, wholesale bases and offices may also participate in contractual relations.

The statute taking into consideration the role of wholesale organizations in insuring retail trade with goods has expanded their opportunities for concluding supply agreements with production associations and industrial enterprises as buyers and with retail trade and public dining enterprises as suppliers. In agreements between wholesale and retail in accordance with par. 20 retail enterprises are given the right to make requests to wholesale bases for shipment (supply) of goods to insure the variety minimum in stores. Moreover wholesale bases must release or ship goods in any quantity needed by the consignee even below the minimum shipping norms (par. 35).

For every case of failure to fulfill requests to supply (deliver) goods to stores provided for by the variety minimum the supplier pays a fine of 25 rubles to a retail enterprise irrespective of responsibility for violating commitments to supply goods within periods established by the agreement. However, a consignee may also have to pay a similar fine to a wholesale organization for tardiness in presenting the aforementioned requests (par. 67).

The structure of economic relations provides for conlcuding supply agreements between wholesale organizations of production and consumer regions. Often material and technical supply organizations, which make agreements with production associations as well as with wholesale and retail trade organizations, participate in supplying goods to trade.

Production associations and enterprises--consumers not on the market may also make agreements for supply of goods with industrial associations and enterprises (direct relations) as well as with wholesale bases and material and technical supply organizations.

The listed variants of structures of contractual relations do not exhaust all cases which are encountered in practice. Therefore the statute envisages the possibility of establishing under special conditions or in aforementioned 5-year agreements a different structure of contractual relations compared with the one indicated in par. 17.

Successful cooperation of industry and trade in production of goods and in making them promptly available to consumers will be greatly promoted by the development between them of long-term, stable economic relations during the period when the 5-year plans are in force. Long-term agreements have also been made before but to a considerable degree they were of a formal character because they lacked the basic condition; the volume of goods subject to delivery and their variety. The new statute makes it incumbent upon the sides to provide in long-term agreements for volume of supply for the 5-year period broken down by years and, as a rule, in group variety with annual determination of detailed variety.

It should also state the mutual commitments of the sides as regards expanding and replacing variety, raising the quality of goods and introducing and using new kinds of packing materials and packaging and methods of transporting and storing goods and also measures envisaged in 5-year agreements between organs managing trade and industry.

An important place in economic relations between trade and industry is occupied by wholesale trade fairs at which agreements are made and specifications for delivery of goods are coordinated. The statute stresses that in conducting wholesale trade fairs of all levels (from interrepublic to oblast ones) the order of organizing and conducting fairs and making agreements there is determined by special provisions about them which are confirmed by the USSR Ministry of Trade and the Central Union of Consumers' Cooperatives in coordination with the USSR Gosplan and the USSR State Board of Arbitration.

The new statute, parallel with former norms regulating making agreements outside the fairs and the order of changing or annuling them, has some new rules. In particular, contractual relations may be established if the supplier confirms the accepted order of a buyer with the condition that it contains all data necessary for implementing delivery (par. 22). An agreement to supply goods, distributed in a planned order, is considered to be changed or annuled if within a 10-day period after organs responsible for registration notify of the change or annulment of the planned act on delivery of goods neither side declares to the other and to the organ issuing the planned act its disagreement with the change or annulment of this act (par. 26).

It has been confirmed through practice that correct determination of supply periods greatly insures smooth-flowing and continuous supply of goods to the trade network, prevents formation of above-norm reserves of goods. In this connection the statute makes it incumbent upon suppliers to deliver goods monthly in equal batches. But at the same time it allows establishing under special conditions deliveries or agreed delivery deadlines (periods) (par. 30). Delivery of goods ahead of time in cases when it is permitted by legislation is done only with the consent of the buyer.

The order of making up for a shortfall in delivery of goods has been changed in the new statute. It has become more specific and excludes privileges for suppliers who allowed a shortfall in delivery of goods within the established period (par. 32).

Parallel with the general regulations in force on the order of supplying goods the statute grants the right to councils of ministers of union republics, allowing for peculiarities of mutual relations of suppliers and buyers, of establishing a different order of centralized delivery of goods and also of unloading them and loading usable packing materials at retail trade and public dining enterprises (par. 33).

Some new norms have been envisaged aimed at raising the responsibility of manufacturers for the quality of goods. Thus it is prohibited to deliver goods which have not passed inspection for quality in an established order and also the shipment of which has not been permitted by organs carrying out state supervision and control for quality (par. 46). For violating this regulation the manufacturer (supplier) is fined in the amount of 50 percent of the cost of these goods (par. 72).

Prohibition to ship goods by the aforementioned organs and also prohibition by corresponding organs of the system of the USSR Ministry of Trade to accept obsolete goods not in popular demand among the population does not release the supplier from fulfilling the agreement for delivery of similar but top quality and necessary goods (par. 46). The statute clearly defines the order for establishing and calculating warranty periods and periods for eliminating defects found in goods (par. 41). Correction of defects in goods or their replacement does not release the supplier from paying the fine envisaged by articles 69 and 70 of the statute. It also gives a definition of supply in full sets and regulates questions of labeling products.

In order to prevent shipment and delivery of goods of improper quality to the trade network and wholesale and wholesale-retail organizations and enterprises of the USSR Ministry of Trade, the right has been granted in regions of their own activities to conduct in associations and at industrial enterprises control checks of quality, completeness and labeling of goods. The liability of the property of a manufacturer has been established in cases where poor quality and incomplete or unlabeled goods are discovered during such checks (paragraphs 48 and 79).

The new statute makes mutual relations between the sides more precise during delivery of goods in packing and wrapping. It is envisaged that the order and periods of circulation of multiworking capital of packing in the national economy and responsibility for their safety and return must be defined by a special statute confirmed by the USSR Gossnab and the USSR State Board of Arbitration (par. 51).

Certain additions and changes have been made in the existing order of calculations during delivery of goods. In particular, a buyer has the right to deduct due to non-acceptance from the bill of a manufacturer (supplier) unnecessarily paid sums of money for incomplete sets or improper quality goods. This order is in force not only while receiving goods directly from a manufacturer but also during delivery of goods by wholesale bases in a manufacturer's unbroken packaging (par. 62).

With the aim of raising the responsibility of the sides for fulfilling commitments the statute provides new rules for imposing sanctions against violators of contractual discipline, and the amounts of some fines have been increased. In accordance with the statute (par. 65) the supplier pays to the buyer a penalty for overdue delivery or nondelivery of goods in the period established by the agreement in the amount of 5 percent, of children's variety--10 and of agricultural goods--3 percent of the value of goods not delivered on time for individual items of the variety.

For violating delivery periods and variety of goods to buyers located in other union republics, in the regions of the Far North and other regions of early delivery a penalty half as much again is imposed (correspondingly 7, 15 and 4.5 percent).

A buyer has the right to collect a penalty from every consignee. This is especially important in those cases when among the consignees to whom a supplier ships goods based on a buyer's schedule of allocations are organizations located in other union republics and regions of the Far North. A penalty for violating the delivery period is collected at a rate of delivery in the period provided by the agreement (a month, 10-day period, a week) in increasing amount with due regard for nondelivery in the preceding period.

In order to raise the responsibility of a supplier for prompt and regular supply of goods, for every violation of the coordinated goods shipment (delivery) schedule a fine in the amount of 1 percent of the value of goods nonshipped (undelivered) on time has been established if other amounts of sanctions are not provided for in the special conditions of supply or agreement (par.66).

The statute provides special sanctions aimed at a drive against goods of improper quality reaching the trade. If the goods have been rejected as not corresponding to quality standards, technical conditions or samples (standard measures), besides refusing to pay for them a buyer must collect from a manufacturer (supplier) a fine in the amount of 20 percent of their value; and if the goods have been paid for, he must demand that the paid sums of money be returned.

A buyer may collect the aforementioned fine from a manufacturer due to non-acceptance and, in cases provided by special supply conditions, from a supplier (par. 69).

An increased fine has been established if goods of higher category of quality are rejected. A fine in the amount of 30 percent of the value of rejected goods is collected from a manufacturer. If these goods are converted to a more lower category of quality, a supplier pays a fine in the amount of 300 percent of the discount but no more than 30 percent of the value of goods before the discount. In such cases the goods are paid for by the price provided in the price list for goods of corresponding quality.

The new statute on supply of consumer goods will be put into force on 1 July this year. Therefore workers of the sector must study the statute thoroughly, enter changes and additions into supply agreements reached for 1981 and for the 11th 5-year plan period and also formalize agreements for 1982 and subsequent years of the 5-year plan period.

Also special supply conditions for individual kinds of goods should be reviewed and provisions prepared for periods, organization and order of conducting interrepublic, republic and oblast (kray) wholesale fairs.

Strict observance of statute norms on supply of goods will play a great role in strengthening planning and contractual discipline and in fulfilling the program for further raising the welfare of the Soviet people.

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CONSUMER GOODS PRODUCTION AND DISTRIBUTION

STATUTE ON DELIVERY OF CONSUMER GOODS DISCUSSED

Moscow SOTSIALISTICHESKAYA INDUSTRIYA in Russian 2 Jul 81 p 1

[Report on new statute on delivery of consumer goods by Ye. Anisimov, chief state arbitrator of the USSR: "The Supplier's Liability"]

> [Text] New statutes on deliveries of production and technical goods and consumer goods went into effect on 1 July 1981. Our correspondent has asked Ye. Anisimov, chief state arbitrator of the USSR, to discuss them.

Everything new contained in the statutes on deliveries has to do more or less with measures to perfect the economic system, with the need to strengthen and expand the legal basis underlying non-subsidized economic operations, to strengthen planning discipline and increase responsibility for the fulfillment of contractual obligations.

One of the main principles contained in the new statute is that of thoroughly developing long-term, direct economic ties and ensuring an over-all supply of goods. Long-term contracts between Union main administrations of materials and equipment supply and marketing and All-Union industrial associations will now be the guarantee of such ties. The material liability of associations, enterprises and organizations and of those in charge for the observance of contractual obligations has been increased considerably. Among other things, the penalty for failing to meet schedules for the delivery of equipment for crucial construction projects has been increased by 50 percent. Fines for breakdowns in the delivery of children's goods have been doubled. The penalty for failure to meet schedules for the delivery of agricultural products has been increased to 3 percent. A fairly high penalty has been set for certain goods on the list--8 percent of the value of the goods not delivered. Furthermore, the penalty will be imposed as of the first day the goods are late.

Important measures have been provided for eliminating violations of fund discipline. Let us say, as an example, that a manufacturer has used goods which are distributed by plan for his own needs and failed to ship the necessary quantity to a buyer. For such a violation he pays the material and technical supply agency a fine ranging from 25 to 100 percent of the value of the materials used over and above his allocated funds. The buyer, in turn, is required to demand payment of the proper penalty from the supplier. If the buyer does not do so, and it is proved by arbitration that the buyer's refusal to demand payment of the penalty was groundless, a fine of 2 percent of the value of the goods not delivered is imposed upon the buyer, with the fine going into budget revenues. The supplier still pays the penalty, but it now goes into Union budget revenues.

The statutes underscore the fact that individuals to blame for breakdowns in deliveries which entail the payment of fines by their associations, enterprises and organizations bear material liability in accordance with labor law.

The consumers now have broader opportunities for influencing the development of their suppliers' production plans. USSR Gossnab protects their interests: Not a single ministry or department is authorized to make changes in the plans of its manufacturing enterprises, with respect either to delivery volumes or schedules or to the list of the goods covered, without coordinating this with USSR Gossnab agencies.

It is permitted to alter economic ties only in exceptional cases. These include, as as example, the start-up of new capacities and the modernization of enterprises. Furthermore, the possibility of altering such ties must be discussed in advance with the parties concerned--associations and enterprises, ministries and departments, USSR Gossnab agencies. The long-term(five-year) economic contract has now become the main form of relations between consumers and suppliers. The new statutes precisely define the procedure and schedules for concluding these contracts. It is important that we underscore the fact that the contract covers obligations with respect to expanding the list and improving the quality of goods, as well as other factors involved in long-term cooperation, and the smooth and even delivery of goods by month.

The following regulation has been established to provide an adequate guarantee against defective goods: Items which have not been inspected for quality by the established procedure or the shipment of which has been forbidden by USSR Gosstandart[State Committee for Standards] or other authorized agencies may not be delivered. If a supplier violates this regulation, he pays a fine in the amount of 50 percent of the value of the goods delivered, with the fine going into union budget revenues. The USSR Ministry of Trade and state goods quality inspectorates are authorized to forbid the acceptance from manufacturers not only of poor-quality goods, but also of out-of-date goods and goods for which there is no demand among the population. The period established for replacing inferior products and for making up deficiencies in goods has been reduced to 15 days. The procedure for imposing a fine for the delivery of defective goods has also been simplified. Such a fine can now be imposed by the buyer through the bank under the non-acceptance procedure, that is, a compulsory fining system, in the amount of 20 percent of the value of the inferior goods. If goods in the higher quality category are rejected, the fine is imposed in the amount of 30 percent.

The introduction of these new statutes means that the USSR State Arbitration Commission, USSR Gossnab, ministries and departments need to bring the separate delivery provisions for specific types of products and goods, agreements and other normative documents into conformity with them as rapidly as possible.

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EFFORTS TO REDUCE SHOPPING LINES DESCRIBED

Moscow EKONOMICHESKAYA GAZETA in Russian No 26, Jun 81 p 17

[Article by N. Tregubov, chief of the Main Administration of Trade of the Moscow Gorispolkom: "Time Spent in a Line"]

[Text] Develop Self-Service--Plus Packing-Container Equipment--Pre-Packaged Goods Are Needed

Millions of people use our trade services each day. They come to the stores with various needs. They all have one thing in common, however--a desire to make their purchase rapidly, without spending time in a line.

Unfortunately, lines are still causing a lot of annoyance. The specialists estimate that almost one quarter of all the time spent purchasing goods is wasted on this unpleasant activity. Is this really so unavoidable, however?

We are told that if there were an adequate supply of goods, the lines would disappear. And this makes sense. I am confident, however, that the amount of time spent purchasing goods is primarily an indication of our ability to properly organize the matter. A great deal depends upon the trade system as well as upon those who interact closely with the system.

In all fairness, it should be pointed that a great deal is being done to improve trade. Unfortunately, however, there are still more than enough shortcomings in the system. The clerks at the counters and those who deliver the goods are to blame for this.

There are actually many unutilized possibilities in the trade system for improving and accelerating the sale of goods. First of all, there is the trade in pre-packaged goods with the self-service system. The saving from this is evident, and the benefit is enormous. Experience has shown us that the time spent purchasing goods can be reduced by 30-40 percent with the broad and proper adoption of self-service. This system makes it possible to rapidly increase labor productivity in the branch, to significantly improve economic indices for the operation of trade enterprises and to improve service quality.

There are around 3,000 food and manufactured goods stores operating with the self-service system in the capital. A full 20-30 percent more goods can be stocked and sold in such stores than in stores with the same area selling goods over the counter, and commodity turnover per worker is an average of 15-20 percent higher.

The development of self-service is inseparably linked with the process of strengthening the branch's materials and equipment base. Significant changes are taking place in this area. The network of trade outlets is developing rapidly, along with a large growth in commodity turnover. The capital has around 6,000 stores and more than 10,000 booths, stands and stalls. More than 450 modern stores were built during the past five-year period alone(mainly in the new sections of the city). These include department stores in Troparevo, Teplyy Stan, Perovo and Chertanovo and self-service department stores in Babushkino, Orekhovo-Borisovo, Yasenevo, Otradnoye and other places. Corporate stores of enterprises of light industry and other branches have been opened. The city now has more than 70 of them.

There are still not enough stores, however. Many of them are out-moded and need to be replaced or modernized. Plans for development of the trade system therefore give a great deal of attention to eliminating the present disproportion in the distribution of stores, to improving their geographic location and building modern new enterprises. As in the past, the plans call for the construction of self-service department stores, of which there are now more than 50 in Moscow. The customers have indicated proper appreciation for the convenience of these stores. The time spent making purchases in these stores is 2- to 3-fold less than in conventional stores, and the compactness of the arrangement and convenient connections between trade and warehouse facilities make the functional use of the trade area almost 20 percent more efficient. It is this trade system, with significant modernization, which we believe to have good prospects.

While we are on the subject of self-service department stores and the construction of new enterprises in general, I would like to take advantage of the pages of this weekly to address a word to the planners, from whom we expect a good physical arrangement for the buildings. Without this it is difficult to achieve the most simple and convenient replenishment of goods in the sales areas, optimal conditions for the efficient distribution of customer traffic and the adoption of progressive trade methods and progressive methods of handling the customers' purchases.

Naturally, expansion of the network of self-service department stores and the construction of modern trade complexes with extensive employment of the self-service system will reduce the amount of time spent making purchases and improve the economic indices of the enterprises. This is one route. However, a great deal can also be achieved in this respect by modernizing existing stores. Commodity turnover at the Moskovsko-Moskvoretskiy Department Store, for example, increased by 20-30 percent for certain groups of goods after the store was modernized.

The effectiveness of self-service operations depends greatly upon the use of packing-container equipment, especially with the through system of moving the goods. Its use has a great effect throughout the entire process of goods movement, storage and sale for many different goods. It makes it possible to increase the store's trade area by 15-20 percent by reducing the area designated for preparing the goods for sale, to improve the use of the trade area by 20-30 percent, to free 20 percent of the clerks and workers and to improve the turnaround factor for motor transport equipment considerably.

A number of stores in Moscow have already been converted to the sale of goods in machine-packed quantities. Self-service fruit and vegetable stores especially have many possibilities for the further development of this system. It is considerably more simple to set up the conveyor system in these stores, since the consumers and the single supplier(base) are within a single system.

Profitability is 30 percent higher for stores which have adopted the delivery and sale of goods in containers, and commodity turnover per square meter of trade area is 25 percent greater, while overhead costs are almost a third less.

One wonders, then, why container equipment is not being extensively adopted in trade. Unfortunately, the process is being held back by the fact that both industry and wholesale trade are not dealing in earnest with the matter. The production of containers in many republics is performed independently, under semi-primitive conditions. The adoption of container-equipment will be delayed until there is a common agreement among the USSR Ministry of Trade, Ministry of the Food Industry and Ministry of the Meat and Dairy Industry, and other departments.

Another contributing factor here is the inadequate quantity of pre-packaged goods. The Ministry of Procurement produces and delivers especially small quantities of pre-packaged goods such as groats and flour. The USSR Ministry of the Food Industry is doing extremely little to develop the pre-packaging of confectionery items, cookies and crackers. Enterprises of the USSR Ministry of Meat and Dairy Industry and Ministry of the Fish Industry are delivering little pre-packaged meat and meat products, fish, fish products and herring.

All of this puts the trade system into a difficult situation. Goods have to be packaged at the stores, frequently in areas not set up for the purpose and mainly by hand. More than 20,000 people are engaged in this unproductive work, people who are needed at other jobs, not to speak of the extremely poor utilization of the packaging equipment and the considerable overconsumption of packaging materials.

This state of affairs has become almost normal. More and more packaged goods are demanded from the trade system. How feasible and economical is this, however? The cost of packaging goods in the trade system is perceptively greater than at industrial enterprises, after all. It costs 25 percent more to package granulated sugar at the stores, for example, more than twice as much to bottle oil, and almost as much more to package groats there. I would add that the packaging material coming out of the subsidiary operations loses out in attractiveness to that produced industrially.

The industrial enterprises are apparently not very interested in the packaging of goods because of the present fixed prices. Is it not time to review these and provide material incentive for industrial enterprises, to make it advantageous to produce pre-packaged goods? I trust that the USSR State Committee on Prices will have something to say on this matter.

Along with industry, wholesale organizations under the RSFSR Ministry of Trade must arrange for the packaging of such goods as cheeses, animal fats, poultry, granulated sugar and so forth.

Right now we are hearing justifiable complaints about the check-out operations in the stores. In fact, sometimes even in the self-service department stores, especially during peak hours, people spend from 30 to 40 minutes in line making their way up to the cashier. There is but one cause of this--the operation of the check-out counters is poorly organized in many cases.

The sale of commonly-used, non-food items at self-service stores is highly important with respect to improving the caliber of trade and making the operation of the stores more effective.

Naturally, we need to consider the existence of near-by stores selling manufactured goods and the range of goods sold there when we determine the assortment of manufactured goods to be sold at self-service food stores. Since the self-service department stores are located mainly in newly developed areas, however, where the network of stores selling manufactured goods is inadequately developed, the city's main administration of trade will introduce the sale of a wide range of manufactured goods there, thereby creating greater convenience for the customers.

The establishment of order counters is also helping to improve the economic effectiveness of self-service stores and to save the customers time. Last year 34 million orders were filled in the city. This year we plan to considerably increase the sale of non-food items by order and to further develop this system.

The 26th CPSU Congress set large tasks for workers in the trade system and for industrial enterprises expected to support it. We must improve the caliber of service for the Soviet people. The adoption of new forms and methods, close ties between production and trade and mutual responsibility for the assigned job must contribute to the accomplishment of these tasks.

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